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# PERSONNEL

## Journal



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To facilitate the use of this index, by those wishing to know more precisely the subject or context of articles, a letter is placed before each title indicating this according to the following code. E, Employee education and training; F, Women and older workers; G, Government personnel methods and problems; H, Health and Safety; L, Labor relations; P, Psychology and tests; R, Rating and job analysis; W, Wages and other pay problems.

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# *Employee Loyalty—*

- 1 What is worker loyalty?
- 2 Did employers ever have it in the first place?
- 3 What causes an employee to change his loyalty?
- 4 Do workers transfer their loyalty when they join unions?
- 5 Can a union man be loyal to his company?
- 6 Are employers and union officials "competing"? Does one "lose" and the other "win"?
- 7 Is there any need to redefine company policies to meet these trends in industrial relations?
- 8 How can personnel people build company loyalty?
- 9 What *company* practices and attitudes tend to cement worker loyalty?

*Questions picked up after a Ching Talk.*

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# Social Work Ability

By LAUNOR F. CARTER

Washington State Dept. of Social Security

WITH the increase of public welfare legislation and expenditures in recent years we have become cognizant of the professional standards of the social worker. This same factor has been responsible for the insistence on the part of the Federal Government that qualified persons be responsible for such expenditures. Thus it has become imperative that some method of measuring the social work ability of a person be devised. The usual merit system procedures, i.e. test, application, and interview, have been resorted to in a number of instances, but to date no attempt has been made to determine the success of this method. This paper presents the results of a preliminary analysis of the validity of the merit system procedures in the selection of social workers.

## *The Criterion*

Before it is possible to estimate the efficiency of a selection process, some

criterion of the ability of persons selected must be obtained. The names of 38 social workers were presented to the County Administrator, Assistant Administrator, Intake Supervisor, and Old Age Assistance Supervisor in a medium size county. These raters were familiar with the work of almost all of the 38 people. They were told to sort the names into ten piles depending on their opinion of the capacity of the social worker. They were instructed to try to evaluate the native capacity of these persons as social workers. This instruction was made as the examination process is intended to select new workers for the program. No attempt at normality of distribution with regard to the number of names in each category was made by the raters. After all of the ratings were returned, each rater's results were forced into a normal distribution and the ratings of the different raters were combined. Thus the final crite-

tion consisted of the combined ratings of the four raters.

Before any selection process can be valid, the criterion must be reliable. The reliability of the score given by any one rater as compared with the score given by another rater can be seen in Table 1. Inspection of the table immediately reveals that social workers do not agree among themselves as to who is a good social worker. Until social workers can agree upon the relative standings of their employees, no great success can

TABLE 1  
THE CORRELATION BETWEEN RATERS

	1	2	3
2	.804		
3	.735	.718	
4	.698	.598	.674

1, 2, 3, 4 indicates raters

N for rater 1 is 38, N for rater 2 is 37, N for rater 3 is 35; N for rater 4 is 34.

be expected from any selection process.

#### *The Application*

The applications are filled out by applicants for social work positions in the program. These applications are scored by allowing a certain number of points for certain amounts of education and experience. The correlation between the criterion and the application scores was .341 with an N of 38. The reliability of the scoring as indicated by two separate scorings of the same applications is .94. At present an attempt is being

made to increase the validity of the application score by analyzing the different components making up such a score.

#### *The Interview*

All of the social workers were interviewed by a board of three persons. One interviewer was a lay person interested in the program, another a county commissioner, and the third a representative of the State Department of Social Security. The worker was interviewed for twenty minutes by this board. The board indicated their opinion of the social worker on an interview slip made up of three main categories, with subdivisions to each category. The three categories were physical characteristics, personal characteristics, and aptitude for social work. Each member of the board indicated his opinion of the social worker on a five point scale for each sub-category. The board was instructed to attempt to evaluate the workers personality and other characteristics which it might be supposed the test and application did not measure. The validity of the interview as expressed by the correlation between the interview score and the criterion is .495 with an N of 38. The reliability of the interview board is relatively good, ranging around .7, as indicated by correlating one board member's score against another's.

#### *The Test*

An amount limit test consisting of 470 items of the true-false, comple-

tion, matching and multiple choice variety was given to the social workers. The test was scored and a correlation between the test score and the criterion of .178 was found. This was disappointingly low. The items of the test were made up of questions from the elementary fields of social work, sociology, economics, law, medicine, psychiatry, and psychology. These items were then subjected to an item analysis. The method of analysis used was that devised by Paul Horst. The analysis consists essentially of finding an expression of the correlation between each item and the criterion, and the correlation between each item and the total test score. After the correlations between these two sets of scores are known, a ratio expressing the desirability of the items is formed. By picking the 150 most desirable items from the test the validity coefficient was raised to .801. It is to be anticipated that this validity coefficient would drop to some extent if the test were given to a new group and the correlation between this group's scores and their criterion was computed. At the same time this magnitude of change in the

validity of a test illustrates the power of this method of item analysis in merit system examinations.

### *Conclusions*

From the foregoing discussion certain conclusions can be drawn. The validity of the application score, the interview, and the test in the selection of social workers is .341, .495, .801 respectively for this group of workers and with the outlined procedures. The low validity coefficients for the interview and particularly the application scores suggest that additional refinement in these scores is essential to a complete measure of social work aptitude. Although the coefficients obtained in this study are in general low, it should be remembered that they are computed on the basis of a small, select employed group and that in selecting workers from the examination procedure only the highest ranking persons are selected. This study would indicate that persons at the head of a list would be excellent social work material. This study should be considered as preliminary and it is hoped to extend the conclusions of this study at a later date.

An Illuminating Human Account of the Daily Thoughts of a Group of Workers as Revealed to the Author. Excellent Material with Which to Relate Company Leadership Policies and for Executive and Supervisory Training Courses. Requires Interpretation.

# Life with The Boss

By REXFORD B. HERSEY,

Wharton School of Finance and Commerce,  
University of Pennsylvania

## *Confidence*

I USED to worry before I got on to the work, but not now. I learned a lot myself and my foreman was a good egg to help me while I was still green. Now I have confidence, I can tackle and do any job they want me to in my line."

## *Happiness*

"I felt like working and worked harder than for a long time. I was happy in the work and the exercise and in showing my ability and strength, because my mechanic gave me plenty to do on my own. All that, with the work going well, and the money coming in, made me feel great. Also we weren't held up

much by waiting for materials and that sort of foolishness."

"I have been better than 50-50 all day. I made my rate or possibly just a trifle over. I felt good, the work was hard and just difficult enough to appeal to me, with no special troubles coming up to make me cross at work, materials, bosses or the fellows."

## *Monotony*

"I'm dull today; I guess it's this job of grinding chisels that we can't get away from and have to keep our eye right on it. It tends to be very monotonous. If I had a more interesting job I might be on the happy side. No change or problem to grinding chisels."

"I like this work (grinding valves) better than some other kind today because there is not so much lugging and pulling your insides out, though I would not like to have nothing but it all the time."

"I would have been happier if we had got the job Bill did, replacing broken center castings. Then I would have been on my toes all the time, using my mind and getting suggestions from all the fellows. This sort of work you get every day and you know just how to do it before you begin. You tend to get lazy with it. Then, too, I am disgusted with the chap from West Philadelphia with less total service than me but with a few days in his record as a mechanic, who will get a chance at being a mechanic before me. What has a fellow got to work for?

### *Difficulties*

"I would not mind if they told me to take down a whole machine provided the boss only showed me that there was some sense to it; but as a rule the bosses don't explain anything to the worker."

"That draw-head on which we have been working was tried and found to be short. We have to do all the work over again. A job like that makes me lose heart."

"When a man has a mean job that requires a lot of trouble and energy, it would make it a lot easier for him if the bosses would only encourage him a little instead of merely saying 'get a move on' or 'hurry up.'"

### *Material Shortages*

"Bah! They ask you to have a machine finished by noon, and you run up to the store room for the stuff and it ain't there. They can't expect production out of me if they don't coöperate."

"I did my quota of work today, but I could and would have done more anyway only if the material had been there. As it was, I had two little disputes with the gang foreman but I didn't get excited. If they are willing to pay me for my time, and are not efficient themselves, why should I worry."

### *Piece Work*

"I would much rather be on piece work except when I'm worried or my ambish is low. Then your time is your own and nobody ought to bawl you out if you stop to talk or take a rest."

"I ain't got any pep for piece work today, but the day work which I got to do sets me up. The boss didn't bawl me out for being late, too, and I'm not on a strain like I would be if I were working piece work; yet I'm doing pretty well with my work."

"We would get more done if we were not on piece work, and the work would be much better in quality. Piece work puts you on too much of a strain."

### *Relaxation*

"My foreman is a good egg. He doesn't always expect you to be

making a lot of movements. He gives you a job, tells you when he wants it, and lets you go to it. As a result, if something doesn't go right, I often try to take it easy for a while. I may go to the other side of the engine and work a while, or walk away for a few minutes and then come back. Usually everything goes fine then. I can just about always do that unless I am too much upset. With some foremen I wouldn't be allowed to have so much freedom. This foreman knows his human nature, and his work too."

#### *U'ps and Downs*

"The foremen don't pay any attention to anything except themselves. They never consider your condition nor how the work is going. One of them always tries to give us the heavy jobs."

Yet three days later we have the same man talking like a different person. "I came in feeling like jumping in and working. I have been happy all day. Production has been better than usual. It may be due to pay day but I have not thought about it all day until now. If everybody would be cheerful and look on the bright side, then we would have a better world. It doesn't do any good to be complaining about your rotten job."

"No man should be a foreman who can't control his temper. Here I was working on a machine, and the foreman seized my light cord, stretched over the aisle way. He jerked the cord out of the plug in a

hell of a huff, and made me crack my finger. He and I had quite a run-in. It wouldn't have been so bad if I hadn't found out yesterday that I had a hernia and was working in fear of hurting myself. I haven't got the money for an operation so I will have to wear a truss. The relief would do it but there would be all sorts of red tape. I'd rather pay \$15.00 or \$20.00 and have the truss right away than wait and run the risk of hurting myself worse. Why can't the bosses be a little more considerate when a man's in a tight fix like that?"

The same man when seen later. "My foreman pays some attention to my feelings. If he sees I'm in the dumps he kids me out of them or gets my mind on something more pleasant. Also, when he gives me a job to do, he tells me whether to rush it or not and then doesn't bother me. I would work my head off for that guy."

#### *Moods*

"Here I've got terrible pains in my shoulder from rheumatism but that yap of a gang foreman gave me a job with all sorts of lifting instead of one with not so much. He ain't got no sense. When the bosses have a little headache they go home but they never want us to."

"I enjoyed showing them what I could do with my strength. But it made me sore for the gang foreman to stand there all the time as if he was afraid we wouldn't do the work. He wouldn't even let us sit down and rest for a minute, though a man



couldn't be expected to work that way and not rest. I did the work of two men in handling those bags."

"They had me going from one job to another all day. Never gave me time to finish one. That's too much to keep in the head. Then, too, a nail in the wood broke the saw and that pulled me down. I am not exactly peeved, but I don't like to work that way."

"My gang foreman is never satisfied anymore. A fellow can't do enough for him. I suppose that the bosses have to bawl you out once in a while, but I'm sure we can't always be in the wrong as he seems to think, here lately."

"There is an inspector in the office. He will be around in a little while to see what he can find wrong, but it wouldn't be so bad if the foremen weren't so afraid of their jobs that they lose all power of controlling themselves at such a time. They sometimes act like maniacs."

### *Big Boss Butts In*

"The Master Mechanic sure got me wrong today. We had to pull in the side of the car in order to fasten the bar; that left some nuts loose. He saw that and also found fault with the rivets. He also said, 'Should have taken truck out.' But the bosses here said, 'Don't take out truck.' So, we didn't want to get the foreman or gang foreman in bad. 'That rod should have been straightened,' he also said. But it was an old car and Al, one of the oldest and best workers in the shop, had told me

I couldn't get it straight. So, I didn't want to get Al in bad either. So, instead of explaining that the nuts were loose because of the side of the car being pulled in and we hadn't finished the job, I got so excited and worried and peeved over what I could say without hurting anybody that I'm damned if I know what I did say. Ain't that a hell of a note?"

### *Working Hard*

"I've worked hard and have nothing to fear from anybody. They're jealous here in the shop of anyone who is after advancing himself. That's what I've worked for but it doesn't seem to have done much good. Why! When the boss was away, I worked on the fire for two weeks with my mechanic out. I never got an extra cent for it. It's true I was working to get ahead. Other places where I've worked they knew what I could do and seemed to appreciate it. Here, I know whatever I do wrong will get told, but the good won't be heard of."

"I'm almost the same as yesterday but a little more disgusted. I don't mind working hard, but this drive every day takes too much out of you. You don't have a chance to build up and you may hurt yourself; and what has a working man got but himself? Nobody distributes work right in this shop. I don't know where to begin now."

"This damn outfit is sure getting hardhearted here lately. They don't care a snap about the feelings or

needs of the men who do the work. They expect you to turn out production and yet this past year we often have to wait and wait for materials and thus lose money when we are on piecework, though the rate was figured without taking into consideration the men might be held up waiting for things. Maybe they are getting ready to cut wages. Wish I wasn't married; I would leave then, though I do like the big boss.

### *Job Status*

"I do not know many people who think our job is important and more skilled than most of the machinists on the outside. I may be wrong and I'm willing to be corrected but I doubt if the heads think our work so terribly skilled any more. I know my wife wants me to stop; she hates to tell people where I work and the term 'shop-man' seems to denote riff-raff. Also the clerks can go to the medical office and have no questions asked; but we are treated very surly. One man was asked, 'Why in Hell don't you go to your own family doctor?' It was the same with me when I went for an inoculation until I told them I didn't come for favors but for what I paid for. I could have quit, but I hate to start new and I also hope to be advanced and get the benefit of eighteen years' service."

### *Overhanging Worries*

"It is impossible for us to be in good humor unless through chance, some unusual luck, or through pipe-

dreams. Sometimes, through these, I can force myself to a better state. But that is hard to do with work like mine and during such hard times as these. For instance, I can think of my son's problem (he has never had a job, though he is twenty-two years old), but can come to no result. . . . A friend was helped by me to become a rich man, but can I go to him to ask him to employ my boy?"

"Yesterday I went home with my pay. The kids needed some warm underwear and a pair of shoes half-soled, but I couldn't do that with all the skimping possible and yet pay the rent. There are no hopes of betterment under the present Administration."

"In a time like this the continual worry that one may be thrown on the street comes up. The nervousness under which the worker is living is making him a nervous wreck. . . . I told the time-study man that he was only there to press more work out of us. If he didn't, he would lose his job and another would be put in his place. Look at the money they spend! Two men to watch one."

"This month has been much quieter than the one before. There has been no talk of discharges, so that one has more hope and more will to work."

### *Author's Conclusions*

Not only must workers overcome the individual problems of nature of the job, working conditions, illness, relations with foremen and fellow workers, etc., but also for many a

subsistence level of wages, lack of security, and past sad experience with greedy, unsympathetic employers make many of them hesitate to give fully that loyalty and cooperation which make for the highest efficiency in both shop and nation.

The evidence offered by my studies in the United States, England and Germany does not show that the workers in any of those countries enjoy the "class struggle" or that it is innately imbedded in human nature. The average worker *wants* to give his loyalty and cooperative service if he can only see that it is appreciated and that he does not have to fight for every red penny he gets.

Some employers, through selfishness and lack of human understanding, are more to blame for the "class struggle" than the workers. The antagonism against Tom Girdler is not against his person, but against him as a representative of a class more "class conscious" than any workers' group.

Workers do not support a government, as a rule, because of its political theories or its patriotic aims, except for relatively short periods. Their permanent support is obtained through the lightening of their economic burdens, the heightening of their security, the introduction of

justice in dealing with them, and the treatment of them as men, not as either beasts of burden or machines. If conditions prevent this lightening of their economic burdens, they must be shown by *facts* that all groups in the country are sacrificing equally, and that all possible efforts are being made to alleviate their conditions.

### *The Eternal Hope*

If the basic needs of workers are not provided for, their first resort will be the trade union; their second, political, i.e., governmental activities; then if the tension is too great, as in the French and the Russian revolutions, they will try force, but only as a last resort, in desperation. That fifty per cent of workers today do not live in a continual state of pessimism, disgust, and worry is due to the wonderful pliability of the human organism and to man's need for *hope*, in order to preserve his sanity, even though that hope may not be based upon reality.

We find that it is impossible for one to remain in a perpetual "low" emotional state and not suffer severe mental or physical consequences. If we cannot get our needs supplied this year, we must "hope" that they will be taken care of next year or the year after or, if necessary, in the next world.

"You Can't Get a Quart of Beer out of a Pint Pot", said the Secretary of the English Seamen's Union, Dryly Summarizing His Philosophy.

# English Union Relations

By CHARLES S. SLOCOMBE  
Personnel Research Federation

THERE has been considerable interest of late in English trade unions, because of their apparent success in controlling their members, and conducting their negotiations with employers on a peaceful basis. In view of this interest we here briefly describe the situation as it affects British seamen.

## *National Maritime Board*

The National Maritime Board is the joint negotiating body for the regulation of hours, wages, and working conditions for British seamen today. It is necessary to give a brief history of its formation.

Up till 1914 there had been little organized cooperation between ship owners and seafarers. On the northeast coast, representatives of the local Shipowners Association occasionally met representatives of the National

Sailors and Firemen's Union. On the northwest coast at Liverpool there was an organization known as the Seafarers Joint Committee. Other than these two more or less informal arrangements, the National Sailors and Firemen's Union had failed to establish a national council or board to bargain with the owners. In the maritime strike of 1911 seamen had considerably increased their strength and obtained an increase in wages. From then until the outbreak of the war, relationships between the union and the owners Shipping Federation had been quite strained.

At the outbreak of the war there were approximately 21,000,000 tons of British shipping, 14,000,000 tons was controlled by the Shipping Federation, 5,000,000 by the Liverpool Employers Association which worked

in close harmony with the Shipping Federation, and about 1,000,000 tons were outside these two organizations. As far as can be gathered, the organization of shipowners is today in approximately the same proportion.

On the labor side there were approximately 24,000 masters and mates organized in 4 separate societies and 20,000 engineers having 2 societies. There were roughly 37,000 cooks and stewards, a considerable number of whom were organized in 2 unions. There were 106,000 sailors and firemen of whom 90% were organized in the National Sailors and Firemens Union.

### *War Difficulties*

Upon the outbreak of war, the Union agreed not to press for undue improvement of conditions during the war but to cooperate in every way in the winning of the War. However, difficulties arose to increases of shipowners profits, rise in the cost of living, an apparent shortage in the supply of seamen and the use of Chinamen as seamen. There was also considerable trouble because of the men failing to join their ships, joining in a state of intoxication, and other breaches of maritime discipline. There was constantly recurring unemployment and loss of effects without compensation through the sinking of vessels by submarines.

These matters caused considerable unrest among the seamen. The culminating cause which brought this unrest to a head was the entry of America into the War and the com-

paratively high wages paid on American vessels (90 dollars per month for American able seamen and firemen as compared with 50 dollars for some British seamen). British seamen sailing to American ports deserted in large numbers. Also there were variations in the rate of wages paid in different British ports.

In order to deal with these matters the Ministry of Shipping set up non-partisan interdepartmental committee, having no representatives either of owners or of unions on it. While this interdepartmental committee was unsuccessfully trying to deal with matters, the Unions and the Shipping Federation met together on their own initiative but could not arrive at a satisfactory settlement regarding hours of labor and overtime. The Union intimated to the interdepartmental committee that something must be done to allay the unrest among seamen which was threatening to get beyond their control. Finally the Liverpool seamen took matters into their own hands and refused to sign on a number of ships. This revolt was settled by an agreement to set up a National Wage Board for the determination of wages on a national scale.

### *National Maritime Board*

The Ministry of shipping told the Union they would discuss the possibility of a national wage and if they, the Union, would undertake to force the observance of this agreement by their members, and cooperate in such matters as supply of men, prevention

of desertion, etc. The Union said they were willing to cooperate, but that before becoming responsible for these matters they wished a revision of the machinery for cooperation.

Finally, as a result of negotiations, there was set up a National Maritime Board to settle national standard rates of pay for officers and men, and to advise on all questions relative to the personnel of the mercantile marine. This was a joint board arranged in 4 panels, (1) deck officers panel, (2) engineers panel, (3) sailors and firemens panel, and (4) cooks and stewards panel. This first National Maritime Board made recommendations to the shipping Controller who issued regulations accordingly.

### *Constitution*

The significant parts of the constitution of this Board relating to employment, wages, and the settlement of disputes are as follows:

There was equal representation of owners and seamen on the Board. Provision was also made for District Boards and for joint port consultants. At each port there were two port consultants, one representing the union, and one representing the owners to localize disputes. These would be appointed by the district Board.

Upon there being any dispute regarding wages, hours, or working conditions, the port consultants acting in association with the local marine superintendent attempted to settle the difficulty. Upon failure to do so the matter would be referred to the district committee. Failure at

that point would lead the matter to be referred to the National Board. Provision was made that there should be no stoppage of work or lockout until any difference or dispute between owners and seamen had been referred to and dealt with by the port consultants, district panels and if necessary by the National Maritime Board.

As regards the supply of seamen, a single joint supply control by employers and employed was set up. The significant provisions of this joint supply system are:

The shipowner shall have the right to select his own crew at any time through a jointly controlled supply office, already established or to be established on a basis to be mutually agreed. Special arrangements to be made by the National Maritime Board to meet special cases, such as coasting trade and shipping of substitutes;

Equal rights of registration and employment must be secured for all seamen. Raw recruits to be registered as such;

The seamen shall have the right to select their ship.

During the latter stages of the War when Whitley Industrial Councils were being advocated, it was suggested that the National Maritime Board could be continued after the discontinuance of government control of shipping, through a maritime industrial council established on the lines laid down by the Whitley report.

### *Board Continued After War*

After considerable negotiation the owners and seamen agreed to continue the National Maritime Board with necessary modifications and it has continued to this day.

The following comments on the ac-

tual working of the National Maritime Board indicate the advantages and disadvantages of such an arrangement from the owners and the seamen's point of view.

(1) The National Maritime Board is a means by which the Shipping Federation and the Liverpool Owners Association representing 90% of the shipping may negotiate standard national agreements with the organized representatives of employees. In actual practice it is found that the extent to which members of the Shipping Federation adhere to the agreements made in their behalf by the Federation is not 100%. That is to say, a company which is the member of the Shipping Federation may refuse to adhere strictly to the agreed standards of hours, pay or working conditions. For example in a public inquiry before the wreck commissioner into the loss of the S. S. Usworth, a prominent member of the Shipping Federation admitted, in regard to the carrying of 3 officers in addition to the master upon which an agreement had been entered into between the Shipping Federation and the unions through the National Maritime Board, that he had not honored that agreement. Yet he did not consider it necessary to withdraw from the Shipping Federation which body was armed with authority to enter into agreement on behalf of his company.

#### *Conformity with Agreements*

There are other evidences available to show that certain shipowners who

are members of the Shipping Federation do not consider themselves bound by agreements made by the National Maritime Board. There can be no question but that these owners (particularly of tramp steamers) who do not maintain the standards of the National Maritime Board are in the minority. It appears therefore that the negotiated agreements of the National Maritime Board are not considered by minorities of members of the Shipping Federation as binding. And there is no machinery for their enforcement. They appear to be rather in the nature of norms which the Shipping Federation recommends its members to adopt. Upon their being sufficient protest against the nonadoption of agreements by these minorities, there is evidence that the Shipping Federation exerts pressure to bring the non-conforming owners into line.

In the initial negotiations during the War the Union agreed to try to make its members live up to their contracts in return for which the owners agreed to do the same. And provided there is reasonable evidence of good faith on both sides, exceptions to wage and hour agreements are permitted. This is the type of British compromise that makes for labor peace.

(2) The degree of conformity with agreements also depends upon the strength of the unions concerned. For example the officers have until recently belonged to 4 different organizations which were not in harmony. The consequence was that they could not bring any consider-



able pressure to bear upon owners who disregarded agreements. This situation is in the course of being remedied.

The cooks and stewards and others in the catering department panel have also been weak, and as a consequence many owners do not hire crews of the catering department through the joint supply system. The Seaman's Union on the other hand, being very strong, insists that the joint supply system shall be used exclusively for the hiring of sailors and firemen and is able to enforce National Maritime Board agreements of their panel.

It is in regard to this latter group particularly that the joint supply system is most effective. While the master of a vessel may hire or refuse to hire any sailor or fireman at his discretion, he may not finally hire him as crew until he has submitted his papers to the Seamen's Union and these papers have been found to be in proper order.

#### *How Conservatism Works*

(3) The Seamen's Union at the present time is under conservative leadership, with a consequence that the union not only sees to it that owners maintain National Maritime Board standards, but that seamen who are trouble makers, either in the sense of being agitators or negligent in their duties (drunkenness, not taking their due share of work etc.), are prevented from remaining in the sea service.

This works in a most interesting way. For instance an officer might

be hiring a crew, with the union agent standing beside him to see that all men have their union cards. The officer may hire or refuse to hire for any reason he likes, or for no reason. The union agent usually is interested in seeing that no non-union men try to get the jobs. The union agent might nod to the officer indicating that a certain man, in good union standing, should be passed over.

The union justifies its action on these grounds. It has a definite program of matters for negotiation with owners, wages this year, hours next year, and possibly food and quarters the following year. But some seaman might start raising trouble over food and quarters this year, and rouse other union men on the same subject. This disturbs and weakens the union's negotiating program, and union sees to it that members who persist in upsetting things in this way find it difficult to get jobs.

This seems like a type of union black listing, but we understand is very rarely done. When in the past it has been done too often there has been at times a tendency for other groups, such as the Transport and General Workers Union, to set up a marine section and organize the seamen into a separate union under more progressive leadership.

#### *Wages and Hours Mainly*

(4) The Yearbook of the National Maritime Board indicates plainly that, until recently, almost all nego-

tiations have dealt with matters of compensation. Other questions regarding working conditions, health, food, etc., do not appear in the agreements of the National Maritime Board.

(5) As a result of total loss of 4 tramp steamers in the winter of 1934-1935 the unions were able to bring about public inquiries into the causes of these losses. The investigations showed that, while the manning of the vessels was in accordance with the regulations laid down under the Merchant Shipping Act of 1894, they were inadequate for the safety of foreign going vessels today, and that the men were required to work unduly long hours. It was probably in consequence of the findings of these Boards during 1935, that the National Maritime Board negotiated agreements regarding hours of crews on board ships. These agreements became effective on October 1, 1936. The other major question agreed upon recently by the National Maritime Board is that providing for 3 certificated navigating officers in addition to master shall be carried in all foreign going vessels of 2750 gross tons and up, when engaged in trading outside certain boundaries.

(6) In so far as the agreements of the National Maritime Board are not 100% binding, and have been limited as to the nature of the subjects agreed upon, this machinery has been somewhat inadequate to protect all the

interests of seamen. Other machinery for their protection would be legislation which would amend the Merchant Shipping Act of 1894 to bring it up to date.

#### *Relation to Government*

There seems to have been no strong concerted effort on the part of seamen for such legislation. At any rate they do not seem to want their hours and wages regulated by the government.

(7) After the passage of the Act giving subsidies to certain freight boats, the labor members of Parliament asked why the Government did not do something for the seamen. The Secretary to the Board of Trade, in his reply, pointed out that the Seamen had an opportunity of taking this up with the owners, and through their bargaining machinery get their slice of the subsidy. This seemed to satisfy the labor men, particularly when the Secretary said that subsidies would not be given to owners who did not live up to the National Maritime Board agreements. This was the first time the Government has ever officially recognized the existence of the Board.

It appears that both owners and union like the present system of control through the National Maritime Board, in spite of its weaknesses and loopholes. They prefer it to the control of their affairs by legislation or government department.

Is a School Teacher a Better Relief Visitor than  
a Milkman who is Used to Holding the Baby  
While the Housewife Hunts for Change?

# Civil Service Standards

By LOUISE R. WITMER and BOYD R. SHEDDAN

Pennsylvania State Dept. of Public Assistance

THE recent literature regarding employment psychology is crowded with papers on the validity and reliability of many personnel procedures but the emphasis in actual practice appears to be on tests alone. As a result, many other methods of predicting success in a given job are being ignored because it is felt that they lack the scientific justifications which have contributed to the success of the recent testing programs. Numerous civil service commissions (or the laws by which they are regulated) have recently abolished all entrance qualifications of education or experience, and permit all applicants to take the written test and pass or fail on the results of that measure alone.

The present paper is being written, not in criticism of test procedures, but as a plea for validation of other possible measures which might be used in conjunction with or prior

to the test itself. For example, requirements in education and/or experience may be set up as a hurdle which the applicant must satisfy before he is admitted to the test itself. Such a procedure effects a saving in both time and money, because some persons are weeded out on the basis of the written application and because those who obviously do not possess the stated qualifications will not apply. In other cases the score on the training and work record is added to the test score. A combination method uses some minimum requirement and takes into consideration extra points above that level. The value of these systems depends, of course, upon the validity of the requirements and weights which have been set up. In theory, validation of qualifications in education and experience should be no different from validation of tests. Both measures are built for

the same purpose: to predict degree of successful job performance. The following possible methods used in validation of qualifications will be readily recognized as similar to the methods of test construction.

#### *Setting Minimum Standards*

Minimum requirements may be set up according to the judgment and opinions of persons who are familiar with the job in question. This method has been most commonly used in the past; it is open to criticism because it is unfortunately true that judgments and opinions are more often based upon one outstanding case than upon a mass of data. Therefore, it is imperative that results be compiled from many sources if they are to be at all satisfactory.

A second method, which appears less arbitrary than the first, sets qualifications in line with those actually in use in organizations doing similar work and having the same type of job. The results yielded by this method may be no more valid than those of the first, for it is entirely likely that these qualifications were set up more or less subjectively by the first method described. It has, however, the advantage of tapping many points of information.

The most reliable procedure for determining minimum qualifications requires an actual investigation into the education and experience records of the good and the poor employees. This necessarily requires some valid method of rating the employees according to ability before their qual-

ifications can be studied on the basis of usefulness in distinguishing between performance of the workers. (It will be remembered that individual test items are validated and critical "passing" points are set in this same fashion.)

In order to illustrate these procedures, the determination of minimum qualifications for the position of visitor in the Pennsylvania State Emergency Relief Administration will be briefly described.

#### *Layman's vs. Professional View*

The visitor is the employee who establishes and maintains home contacts with the relief clients, and consults all sources of information necessary to determine eligibility for relief. He carries the primary responsibility for making the relief plan with the family and for adjusting relief grants to changes in the client's circumstances. The public has been likely to think that anyone could be a visitor. If a man worked in a corner store, was a house-to-house salesman, or drove a delivery truck, he was thought to deserve extra credits for experience in meeting the public, and if he was a bill collector or a meter reader, the layman believed that he surely possessed those skills necessary for keeping chiselers off the relief rolls.

On the other hand, the professional literature has been crowded with statements regarding the requirements in education and experience which are thought necessary for the job. The employer was left with the

impression that only in Utopia would be found the person who met all the qualifications of every interested group.

In spite of all this disagreement about qualifications quite a formidable number of individuals had served on the visiting staffs of various state relief administrations during the first three or four years of the program, and most had done very creditable work. By 1936, the program was old enough so that perspective had been gained, and it became possible to study the personnel procedures that had been in force and to determine which were the requisite qualifications for a visitor.

Did the school teacher do a better job than the delivery man who held the customer's baby while she searched for change to pay the milk bill? Was the airplane hostess more successful than the undertaker? Did the possession of a college degree distinguish the good from the poor worker? Could a nurse bring more to the visitor's job than a business man?

The employer of visitors has been forced to meet just such problems many times recently with little or no objective evidence to substantiate the final decisions. If a supply of individuals with training and experience had been available, the problem of qualifications would not have been nearly so difficult. However, because the demand was so great, inexperienced persons had to be employed and it became necessary to rate various other types of education and background in relation to the job to be done. In order to establish

such rates it was necessary to decide, first, what types of education and experience were valuable in preparation for the job, and, second, what weights should be given to the various acceptable items in order to assure the highest efficiency of prediction.

### *Survey Made*

All of the methods outlined in the beginning of this article were used in an effort to set true minimum standards which would eliminate persons not suited for the job and still meet the great demand for personnel. A questionnaire form was devised to determine what the executive and supervisory staff of the organization thought should be the minimum requirements for a visitor, and 588 members of the state and county administrative staffs submitted their answers. A survey of the minimum qualifications for the same position in similar state departments throughout the nation provided comparable information about other organizations.

Data on the actual qualifications of the present staff were obtained by studying the personnel records in the organization files in relation to the results of an examination given to all members of the visiting staff, which numbered 4000 persons. The examination consisted of two parts: first, a written test on technical information about the work, and second, a ranking of the staff in each office made by the local executives and supervisors on the basis of personal qualities of job performance.

On the basis of the examination results, the qualifications of persons with low test scores, could be compared with those of persons with high test scores and those of persons with low performance ranks could be compared to those of persons with high performance ranks.

#### *Middle Ages Best*

The wealth of information obtained by these methods provided the basis for the visitor's qualifications used during the last year of the Relief Administration in Pennsylvania. For example, 47% of the staff members contacted approved of 23 to 45 years as the correct age range and 23% voted for 21 to 45 years. The average minimum age limit for other states was 22.5 years and the average maximum 43 years. In the examination those visitors between 21 and 35 years made the highest test scores, and the highest performance ranks were achieved by those aged 21 to 40. Above these limits the scores and ranks dropped suddenly and remarkably.

In education, 35% of the Pennsylvania staff approved of two years of college as a requirement; 28% preferred four years; and 26% thought high school graduation sufficient. In the other states studied 49% required four years of college as a minimum and 24% required two years. Test scores became increasingly higher as the amount of education increased and college graduates received better performance ranks than those who had not completed college. In other words there were

more college graduates with high than low performance ranks and test scores. Neither the organization staff nor the other states reported social service schooling as indispensable but they all thought it desirable. The highest test scores were made by those trained in liberal arts courses, technical or scientific fields or the professions, and those with social service training received the highest performance ranks.

#### *Social Service Experience?*

Forty-five per cent of the organization administrators thought social service experience should not be required and 30% approved a requirement of one year. Fifty-eight per cent of the other states required no experience of any kind. Those persons with experience in technical and scientific fields or social service made the highest test scores, and the latter also received the highest performance ranks. Eighty-seven per cent of the staff approved of giving a higher weight to social service experience than to any other field.

Half of the Pennsylvania staff voted to weigh paid experience twice as much as voluntary work and test scores upheld this opinion. There was an inverse relationship between test scores and length of experience after the first six years, and performance ranks were consistently lower after the same period. These differences were statistically reliable.

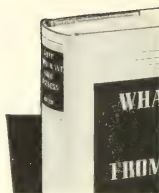
It may be seen from this brief description that objective quantitative data which are capable of statistical treatment can be obtained

on qualifications. The same correlation techniques may be applied here as are used in testing work. The regression equation will produce weights which may be checked for forecasting efficiency by the coefficient of multiple correlation just as test results are tested.

When valid criteria are set up for education, experience, and personal qualifications the procedure of employment examinations will gain another justifiable method of predicting job performance. If such a system of rating qualifications is used in employment procedures, great care must be taken in drawing up the application blank on which the prospective examinee records his personal and professional history. The form of the blank influences the information that is received and has a real effect on the amount and relevancy of the material submitted. The application blank should be tried experimentally like all other aspects of the examination system. Some of the most frequent sources of error are ambiguous questions, collection of unnecessary information, lack of space for answer, and lack of logical order for grading purposes.

The public's criticism of present hiring standards is defensible in the light of the arbitrariness with which such levels are usually determined. Weights for qualifications must be based upon evidence as scientifically accurate as that used in test construction if they are to be used in employment.

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(Books sent on approval in U. S. and Canada only.)

One Thousand Chicagoans who Visited  
the Psychology Booth at the Recent  
National Business Show were Invited  
to Express their Opinions about the  
Intelligence of the City's Salesmen.

# Rating from Photographs

By A. W. KORNHAUSER  
University of Chicago  
and  
R. N. McMURRY  
Psychological Corp.

MANY persons believe that they are able to judge intelligence and other abilities from photographs. To test the validity of such judgments, the Chicago Office of the Psychological Corporation asked visitors at the National Business Show held in that city to rate ten men on selling ability and intelligence from their photographs. These pictures were mounted on the wall at the rear of the Corporation's exhibition booth. The men used as subjects were home appliance salesmen whose selling ability was known. They had also been given intelligence tests. These men were selected from a large group and differed markedly in both selling

ability and intelligence. Usable ratings of the photographs were received from 603 men and 232 women.

From these data, several relationships were studied: The success of the raters in judging selling ability; their skill in determining intelligence; the extent to which the raters agreed among themselves; and the differences in the success with which the individual photographs were judged.

## *Good Lookers Poor Sellers*

In the ratings on selling ability, it was found that the judgments tended on the average to be slightly in the wrong direction. The men who were rated highest were actually somewhat



lower in their ability to sell than the others. The average correlation between an individual judge's ranking and the true ranking turned out to be  $-.16$  for the men and  $-.17$  for the women. These figures are based upon fifty judges of each sex, chosen at random from the entire group. Where a large number of individual ratings are combined into a composite, the negative relationship becomes even more marked. The correlation becomes  $-.38$  for men and  $-.22$  for women.

With the judgments of intelligence, the estimates tended to be slightly in the right direction, but hardly close enough to indicate any useful prediction as far as individual judges were concerned. The average correlation between an individual rater's judgment and the true ranking was  $.22$  for the men and  $.18$  for the women. Here again the figures are based upon fifty judges of each sex, chosen at random. When the individual estimates are combined into a composite, the positive correlations are considerably increased, becoming  $.62$  for the men and  $.33$  for the women.

#### *Judges Agree*

In comparing the ratings of the different judges with one another, considerable agreement is found. When one composite ranking of the ten photographs is compared with another composite made by different raters, the two agree almost perfectly where large numbers of judgments have been pooled. The combined

judgments of one half of the men agreed perfectly, for example, with the combined judgments of the other half. The correspondence is almost as close between the men as a whole and the women as a whole. Even where only ten or fifteen individual estimates are used, the composite agrees almost completely with the composite of another set of ten or fifteen judgments.

Differences begin to make their appearance where the composite is based upon relatively few individuals. The effect of personal biases and chance errors then becomes more noticeable. However, even where individual rankings are compared with the composite of all of the judges, the agreement is far from slight. The correlation coefficient between the two is  $.50$ . From this it is apparent that people do employ similar criteria in forming their judgments. There are evidently rather common indices upon which they base their estimates, although there seem to be very large individual variations in the extent to which use is made of these "stereotypes." It is unfortunate that these bases of judgment are so lacking in true value, especially with respect to selling ability.

Some judges naturally show much greater accuracy in their estimates than do others. There is more than a suggestion, however, that chance or luck has played an important part in most of these successes. This is strongly indicated by the fact that skill in judging selling ability is not

associated with success in estimating intelligence or vice versa. There appears to be no agreement at all between excellence of judgment on one quality and the other.

### *Psychological Halo*

The fact that intelligence seems consistently to be better estimated may also well be an accident, due to chance characteristics of the particular photographs chosen. It is not impossible that a different set of ten pictures might reverse the findings as between the two abilities rated. A number of other studies have indicated almost no success on the part of judges in estimating intelligence from photographs.

Another common rating tendency appears in noteworthy fashion among these judgments. This is an unjustifiably high degree of similarity between composite estimates of selling ability and intelligence. The correlation between them is .82 for the men and .93 for the women. Actually, in the group of ten men used as subjects, selling ability and intelligence are inversely related. The true correlation coefficient is  $-.48$ . This indicates clearly that the raters' estimates have been subject to a "halo" effect, a tendency to ascribe all good and all bad qualities to an individual because of certain favorable or unfavorable general impressions.

### *Good Men Often Rated Low*

When the ratings of the individual photographs are analyzed, it is found

that while there are marked differences in the success with which the separate pictures have been judged, the average for the total closely approximates what might have been

TABLE I  
PER CENT OF RATERS PLACING MAN IN WRONG HALF  
OF SELLING GROUP

True Selling Rank	Men	Women
	percent	percent
1	60	41
2	74	50
3	25	25
4	45	41
5	56	64
6	10	19
7	84	58
8	39	34
9	66	60
10	70	70
Average	54	52

TABLE II  
PER CENT OF RATERS PLACING MAN IN WRONG HALF  
OF INTELLIGENCE GROUP

True Intelligence Rank	Men	Women
	percent	percent
1	23	29
2	23	23
3	37	48
4	15	19
5	75	73
6	43	40
7	71	59
8	48	53
9	31	28
10	59	34
Average	44	47

expected from chance. In the above tables are shown the percentages of the raters for each photograph who placed the picture in the *wrong half* of the total group, i.e.,

placed it in the high half when it should have been in the low half or vice versa. These tables are shown for both sales ability and intelligence.

From these tables, taking the group as a whole, it is obvious that the results are about what might be expected from chance. If chance were the only factor, these figures would be 50 per cent. This is very close to what the averages for both groups actually amount to. There are, however, very wide variations among the responses to the individual photographs, reflecting the fact that some cases fit the accepted "stereotypes" or standard expectations, while others completely fail to do so. In reality, every single picture was rated from highest to lowest, not once, but many times, both in selling ability and intelligence.

#### *Judgements Lack Proper Base*

The conclusion to be drawn from this experiment is that while there

is a rather marked agreement among the raters' estimates of the different photographs with respect to selling ability and intelligence, these common judgments lack validity. Apparently the criteria upon which they are based are not sound and there is a marked tendency for a "halo" effect to influence them adversely. Even in the case where a positive correlation between judgments and true rank was found (estimates of intelligence), a possibility remains that this was due to the particular photographs used and might not be repeated with a second series of pictures. Likewise, the judgments of the individual photographs show no consistent relationships and, when taken as a whole, give a result which closely approximates that to be expected from pure chance. Taking all of these factors into consideration, this study provides no justification for assuming that either selling ability or intelligence can be satisfactorily judged from photographs.

The Application of a Basic Personnel Technique to a Serious Problem that Concerns Every Citizen.

# Job Analysis of Highway Safety

BY PERSONNEL RESEARCH FEDERATION

**M**OST repeaters can be cured of their accident habits. They must be if the accident situation in America is to be improved.

In one sample study, 1000 repeaters who had 1893 accidents in the six months before the study commenced, were so far cured of their accident habit that in the next six months they had only 16 accidents. It is of interest to note that it was found necessary to take away only 14 licenses.

There were two parts of the plan for dealing with repeaters. In the first part, the repeaters were called into the Motor Vehicle Bureau for a special hearing at which their accidents were fully studied with them by specially trained men. A diagnosis was made of the peculiar fault or kink in their driving which led to their accidents, and they were instructed as to how to overcome this fault and avoid accidents in the future.

## *Special Driving Kinks*

The study proved that it requires trained men to correctly tease out from among numberless possibilities the single fault underlying a number of dissimilar accidents, and then to reduce the description of this kink to simple instructions which can be readily understood and followed by a driver. It is easy to guess at *a* reason for repeater's accidents, but his accidents do not cease unless the *correct* reason is found, and he is given an explanation which he can understand and follow in his driving.

Each case presented its own peculiarities. The people could drive well in most respects, but had a weakness or kink which caused them to have accidents of their own kind. One man did not hit anything but parked cars, another had all his accidents in the winter months, another had no accidents when moving but was always being hit when

parked, (he parked in a bad place) another never collided with a car but frequently ran down pedestrians, and a truck driver never had any accidents when driving his truck, but did have them when driving his own passenger vehicle after work. Each was instructed on how to overcome his fault or faults.

### *Safety Education*

It was found also that these 1000 repeaters had one peculiarity in common. Although they were aware of the safety education work going on in the state, through newspaper articles, posters, billboards, etc., they did not seem to know how to apply the generalized urgings to drive safely, to their own peculiar driving problems. Many of them—in fact most of them—appeared to be conscientiously trying to drive safely, but were unaware of the particular weakness in their own driving.

The conclusion was reached, however, that public safety education is vitally necessary to aid drivers in maintaining their determination to overcome their bad habits (for they are always likely to slip back into them), and to keep them interested in analysing their driving, to correct present kinks and avoid developing new ones.

So much for the first part of repeater treatment, which centers around the individual driver. A discussion of the *second part of repeater treatment*, which has to do with *places* as well as individuals, follows:

### *Accident Spots*

Interviews with repeaters quickly revealed the fact that they had their accidents (generally) in places where, owing to poor lighting, obstructed view, bottleneck, improper parking, sixway intersection, or other cause, the avoidance of accidents required more than ordinary good judgment. These hazardous spots put the repeater driver to a test, which because of his weakness he is unable to meet, and as a result has accidents.

For example, Chestnut Street is a wide street, fairly heavily travelled. It is mixed residential with some factories along it. There are many side street intersections, with some of the side streets used more than others, but with little indication to the drivers along the street as to which are the more important intersections. It is a street presenting a good test of a driver's ability to avoid accidents at intersections. And it is just the street on which drivers with an intersection accident kink frequently come to grief.

Oxford Street is a sideswipe street. The corner of the Artery and the Avenue is a spot famous for left hand turn accidents. Cambridge Street is a parking accident street. Thames Square is a pedestrian accident spot.

It can be readily seen that at these spots the weaknesses of repeating drivers lead them into trouble.

In the study it was decided to adopt preventive measures at these and other spots, with a view to aiding repeaters who had been interviewed, and before they had any accidents.

### *Police Control*

With the co-operation of the local police, studies were made of all the accident zones within their jurisdictions. Reported accidents of the previous six months were carefully analysed to determine the type of accident which repeated at each spot, or on each dangerous street. Then the place was visited and observations were made as to the manner of operation of drivers. An effort was made to ascertain the particular type of misjudgment that was leading to the greatest number of accidents at each of these spots.

Then, at each of these places, at times when accidents were most frequently occurring, police officers were stationed, with full instructions as to the type of improper operation they were to look for. Their duty was to stop any drivers they saw driving improperly for that spot and to instruct and warn these drivers as to the correct way of operating. The officers made a record of the drivers so stopped, but except in cases of obvious recklessness, took no further action.

These records of instructions and warnings were sent into the Motor Vehicle Bureau, for comparison with individual accident records. As was expected, it was found that repeaters were the persons most often cautioned, and that the type of improper operation about which the officers found it necessary to caution them was related to and could well be seen to be the cause of the particular types of accidents which they had

had in the past, and which presumably they are prone to have again and again, unless corrective measures are applied.

The fact that these two methods of curing repeaters are worth further trial may be deduced from the above mentioned fact that the 1000 repeaters, after corrective hearings in the Motor Vehicle Bureau almost entirely ceased having accidents,—at least during the course of the study—and from the fact that in the cities which fully co-operated in the repeater driver supervision program, accidents were reduced by 40 per cent, and no fatalities occurred.

### *Setting Up a Program*

(1) In order to put a program into a state, experience would suggest that the civic bodies such as the Safety Council, Governor's Committee on Street and Highway Safety, Automobile Associations, and others must be sold on the idea.

(2) The Governor, Legislature, and Motor Vehicle Administrator should also be convinced that such a program will have a reasonable chance of succeeding.

(3) The laws and regulations of the state should provide for such matters as the compulsory reporting of accidents, rules for safe driving, with penalties for their infraction or violation. It is advisable also, though not absolutely necessary that police should be required to report accidents coming to their attention to the Motor Vehicle Bureau. It is also very convenient if the courts are

required to send to the Bureau an abstract of all court convictions arising out of the Motor Vehicle laws.

(4) It would seem necessary that there should be, or should be appointed, deputies or assistants to the Motor Vehicle Administrator or other state officials for the conduct of the special hearings, for repeaters.

(5) As very few states have completely enforced reporting systems, and convenient systems of records by which the repeaters may be easily spotted and tagged, it might be necessary to set up a specially adapted master file system for this purpose.

#### *Community Cooperation*

(6) For the work in the local communities, the co-operation of local civic bodies, the Mayor, City Council, and Chief of Police would be necessary. It is not thought that the work would require any increase in the

police force, for police departments have already a record of most accidents occurring within their jurisdictions, and officers are daily assigned to the task of checking unsafe driving.

(7) It would be desirable that the Safety Council or other organization chiefly concerned with Street and Highway Safety should co-operate in order to develop and tie in a system of public education about repeaters, both for its effect on repeaters and to insure that the people of the state are behind the efforts being made to cure them.

(8) Some non-official body would probably be necessary to assist state officials and local police to put the program into operation, and to defray the expenses of special record systems, special studies, etc., until such time as these could be taken over and incorporated as part of the regular state machinery.

#### *Study Proposed*

It is suggested that in order to get such programs going in the different states and communities, the first step should be the making of a blue-print study for their information.

Briefly, the study should cover, completely, the methods to be used in introducing a repeater control program in a typical state. It should be a blue-print of a plan suitable for adoption by one or more states, and eventually on a national scale.

The study is necessary, because, although methods of controlling repeaters in individual cities have been tried out, no one has ever yet planned or introduced a complete repeater program in an entire state, and there are hundreds of questions about the best methods for introducing such a program that need to be answered.

Among the questions which the study should answer are the following:

From the point of view of repeater control, what is the model state motor

vehicle and traffic law, and what should its provisions be regarding violations, court procedure, reporting of accidents and other offenses?

What would be the absolute minimum requirements in this respect before any work could be done with repeaters at all?

What is the model organization and administrative direction in a motor vehicle bureau, which in addition to its regular licensing functions, would be designed for repeater control?

What is the best relationship, from the viewpoint of repeater control, of this department with the highway department, the department of correction, the state police, and the other official state agencies concerned?

What is the present set-up in this respect in some of the important states in the union?

Which states could start the program as soon as the blue-print is available to them?

What changes in law and administrative set-up should other states make in order to be in a position to adopt the program?

Should the work be started as a demonstration in one state only and attention concentrated on that state for a year until all the difficulties are ironed out, or should several states be encouraged to set up the program, and work it out as best they can?

#### *Public Relations*

What would be the best public relations methods in connection with the program, within the states where it was put into effect and in other states?

What would be the best methods of making information about the program to other states, to aid them in setting up programs?

What methods other than personal interviews and individual warnings can be developed for curing repeaters?

What would be the expected reduction in fatalities, and other accidents, in the first year, the second year, and in subsequent years, if a full program were adopted?

What would be the reductions if only parts of the program were adopted?

What would be the cost in a typical state, per 100,000 licensed drivers, of a complete program of repeater control?

In a number of important states, what portion of this cost is now being spent on parts of the program, and what extra appropriations would be necessary for the setting up of a complete program?

What would be the expected financial saving to the citizens of a typical state, through reduced insurance premiums, reduced cost of operation of casualty wards of hospitals, reduced relief load caused by dependents of breadwinners who are killed and injured, etc.?



*Relations with other Agencies*

How should the repeater control program be correlated with other safety measures such as public education, improvement in street and highway construction, improved lighting, measures for inspection of mechanical equipment of automobiles, etc.?

What is the relationship of the local police and the courts to the motor vehicle bureau in different states?

If there is much local autonomy in such matters as licensing, city ordinances, etc., how can the model state program be modified so that the plan for repeater control can be carried out by the cities and towns which are largely autonomous?

What civic organizations should be approached to support the program?

What part should each take in furthering it?

How can the interest of these groups be obtained and held?

If it is necessary for a non-official body, with adequate financial backing to aid a state in getting up the program, what should be the organization of this agency, and what funds would be necessary for its operation?

What should be its relationship to national agencies, such as the National Safety Council, the Harvard Bureau of Traffic Research, the National Bureau of Casualty and Surety Underwriters (Conservation Division), the National Research Council (Highway Research Board), the U. S. Bureau of Public Roads, etc.

*Accidents to be Halved*

The above are some of the questions which the proposed study, to be developed so that it can be published, if desired, in book form, should answer.

To repeat,—the study should be a complete blueprint, showing how to introduce a repeater control program in one or more typical states.

One day repeater control may be developed in every state, and when it is we confidently anticipate that it will save annually the lives of not less than fifteen thousand persons, and prevent injury to another three hundred thousand.

This study shall be the first step towards such a result.

A Job Analyst Pursues his Task  
Independently and is Subject to  
Remote Control only Through a  
Review of the Results of His Work.

# Job Analysts

By EDWARD SALNER

DIVISION OF STANDARDS AND RESEARCH,  
U. S. EMPLOYMENT SERVICE.

INDUSTRIAL engineers, personnel officers, and industrial psychologists agree that no matter how carefully a job analysis technique is prepared, no matter how much subjectivity has been discovered and eliminated, a major part of the ultimate success of a program of wage payment, training, or employee selection for which an analysis is the basis, will depend upon the personal contribution of the job analyst. It is the analyst who uses, or misuses, a technique, and who puts his own interpretations upon work-sheet and schedule items.

What characteristics should a man possess to be a competent job analyst? There are plenty of suggestions on the subject in literature, some of them practically guaranteed to pick men who could find Therbligs in haystacks. In general, lists of qualifications for job analysts include such

factors as "Tact" and "Ability to Discriminate" as minimum essentials. With these ideas it is easy to agree. In the average personnel office, and with the average supervisor, such characteristics as are not discovered readily in an applicant for the job.

Without going into a detailed investigation of the analyst's task, it can be stated in general that a man with enough industrial experience to be at home in the industrial situation, with brains enough to use his experience and to follow instructions, able to write down understandably and completely what he sees, and able to make personal contacts with a minimum of undesirable friction will probably make a good analyst, when trained.

## *Qualifications Needed*

Breaking separable factors out of this statement, and keeping in mind

the limitations mentioned before, these qualifications can be defined:

- (1) Technical or industrial familiarity
- (2) Intellectual agility.
- (3) Ability to record observations in writing.
- (4) Ability to get along with others.

Each of these factors can be discerned without exhaustive effort or involved measurement methods.

Taking them one by one, the first is discoverable from work history recorded in the application for employment. The background need not be specific experience. On the contrary, the need is general familiarity, which has the advantage of bringing diversified experience into potential use. There is no need for limited kinds of technical knowledge, and although the candidate may not know a Kellar machine from a toggle-press, if his work has brought him intimately into the industrial situation, in contact with the operating industrial environment of machines, processes, and workers, he will have the kind of background that is desirable. As in other jobs of this type, many combinations of education and experience are acceptable, but the education should be considered as evidential rather than arbitrary.

#### *Interviewing Applicant*

For intellectual agility, good judgments can be made in the course of the regular inter-change in the interview. When the inter-change is designed and the interviewer has specific objectives, very useful obser-

vations can be made. An easy device is to encourage the candidate to talk in his own field or on a subject of his own choosing. Such a discourse, when interspersed with questions, will reveal to a satisfying degree the facility with which the person's thought process operates. It is necessary, of course, for the interviewer not to confuse reticence or modesty with dullness, and to avoid biases based on personal factors irrelevant to the judgment at hand.

The third factor, ability to write clearly and succinctly, can be judged to some extent from the application for employment, if it is suitably designed. Beyond that, there are many obvious ways to get enough in writing to permit an estimation of ability to present information in a clear and understandable fashion. In the analyst what is desired is not a refined rhetorical style, but simple, straight-forward expository writing. A job analysis is good or bad more because of its factual value than because of its grammatical construction.

Ability to get along with others can be found out through the impression of ease, poise, and friendliness that the prospective analyst leaves. For this factor, as for the others, the assumption is made that the selector is one with experience as a supervisor, and with a background of successful performance. The relationships established in an employment interview can be indicative of the ease with which general working relationships can subsequently be es-

tablished by the candidate. Factors that are a consequence merely of eagerness to get the job should be given their proper minimum weight.

Judgments on these four factors should be made on the pass or fail basis. The accepted candidate is the one upon whom all four judgments are favorable.

#### *Better than Tests*

The major criticism that can be made of such a method of selection is that it is primarily subjective in its approach and application. Some distinctions, however, must be made. All interviews need not be based upon the too-familiar, "I've been picking men for years, and I know a good one when I see him." The personal interview, when controlled and purposive, includes the same essentials of objectivity that are implicit in the more formal and limiting selection methods.

It is far too easy to become oversold on objective tests, and no one knows their limitations better than industrial psychologists who make and use them. In the main, they must be devised under rigorous, scientific controls and must be used by specially trained persons. At best stages of reliability their validity may be very limited. Such considerations aside, however, the argument here recognizes that in the average industrial situation there is not time, staff, or money for the necessarily extensive research in selection methods through objective test channels.

There are, of course, useful instruments available, but even they must be applied with caution, and properly used and interpreted. A branch of one large corporation until recently used a crude extroversion-introversion scale for selecting apprentice toolmakers, a procedure certainly questionable.

There are several easy-to-administer objective tests that can be added to the interview outlined above, if conditions warrant. Such instruments as the Pressey Verification Test and the Minnesota Vocational Test for Clerical Workers are relatively easy to handle and are inexpensive to purchase. The former is usually spoken of as an intelligence test, but its use is better expressed by saying that it measures ability to assimilate education. The latter measures not so much ability to perform work of a clerical nature, as speed, and to a lesser extent, accuracy of performance. The manner in which these are here spoken of and defined suggests the care with which they must be used, and the care with which their results must be interpreted.

#### *Detail a Bugaboo*

In training the job analyst the chief bugaboo has been the detail and complexity of the job analysis technique itself. A great deal of careful work has gone into the design of schedule forms and work sheets, which is patently desirable. In many instances, however, the supervisor is left with an extremely

detailed and highly complex device built up of words, phrases and even mnemonic symbols, each of which must be explained, understood, and remembered. The result, not unnaturally, is an intensive training program centering around the appurtenances of the project rather than around the aims and purposes of the project itself. Faced with a work sheet carrying up to a hundred items, the trainer moves in a direction that results in personnel trained to fill out a form rather than trained to be aware of desirable information about jobs.

The complexity of the work sheet arises primarily out of the desire of its designers to make it as fool-proof or objective as possible. While this is altogether necessary, it must be remembered that a form, no matter how good, will not analyze a job. Some aspects of the analysis, indeed, are completely beyond check-list treatment. The kernel of the analysis is the description of duties or work performed, which must, pursuant to instructions, be left almost completely to the discretion of the analyst. It follows that no matter how carefully forms and procedures have been worked out, their successful use depends upon the extent to which the job analyst comprehends their purpose.

#### *Training on Main Problem*

Training should establish an area of comprehension in the mind of the analyst of sufficient diameter to include the inevitable variations that

will occur in his work. Explanation is by analogies, and by the use of illustrations, which must be simple, clear-cut, and to the point. There is danger in centering the training around the use of a work sheet and an explanation of each of its parts, for the young analyst too frequently is left with a kit of cut-and dried situations, none of which has direct application in practice. Like most people who are unable to generalize from illustrations, he will look for situations that fit his rules, and attempts to cram all discovered material into predetermined pigeon-holes.

The training emphasis, then, should be on the problem and its environment. Broadly speaking, it should encompass three steps. First should be an introduction explaining the meaning and purpose of job analysis, with general illustration of its use and application in different fields. Second should be a delineation of the current problem and its origin and nature, showing job analysis as the avenue of approach to its solution. Third comes instruction on specifics: tying in the generalizations from the first two steps to the problem, and teaching the use of various operating devices, such as the work sheet.

#### *Job Analysis has Purpose*

The second step, delineation of the problem, is by far the most important, and training time spent on it will pay hundred-fold dividends in operation and results. For a hypo-

thetical example, assume the problem to be a high labor turnover composed of quits and discharges, and a high waste cost. From these elements, it may be suspected that worker selection is not adequate, and the need for revising hiring standards on the basis of a thorough analysis of the jobs involved may be inferred. The three steps in the training of analysts would be: first, the general field of personnel work would be covered, showing within it the problems related to safety programs, employment, wage payment plans, employee training, and the like, with job analysis explained as an operating technique applicable to the solution of such problems; second, the problem at hand would be reviewed, both in its more or less unique aspects and in its relationship to the operating problems of the plant, and job anal-

ysis would be revealed as an avenue of approach to the solution of the problem; and third, the particular techniques to be used would be detailed and explained. Again, note that the major emphasis would be on an explanation and understanding of the problem at hand, to give the analysts a working hypothesis—a sort of basic map against which all further activity can be considered.

In brief, a realistic approach to the average program of job analysis keeps the problem constantly in mind, and emphasizes selection and training of the job analyst. Recognizing limitations of time and budget, the selection and training can be accomplished in ways well within the reach of any job analysis supervisor or personnel officer, and with considerable assurance of successful accomplishment in the program itself.

# Book Reviews

## PSYCHOLOGICAL ASPECTS OF BUSINESS

By E. K. Strong, Jr. New York: McGraw-Hill Book Co., 1938. 629 pp. Price \$4.00.

Reviewed by EVERETT VAN EVERY

In this book Dr. Strong covers almost the entire field of human relations in business and industry. Though he modestly refers to his efforts as simply an "introduction" to the vast field of business psychology, he does his work so thoroughly and effectively that this book may be considered one of the important business volumes of our time. It is apparent that much of the material is drawn from class work in the Graduate School of Business at Stanford University. Other parts show unmistakable signs of having been taken from the daily experiences of his many contacts with business leaders. The work is devoid of stilted, technical language and might well be referred to as a good foundation course in Executive Training.

The first four parts are a thorough revision of the author's previous book, "Psychology of Selling and Advertising," with considerable new material. Buying and selling are objectively studied through analyzing voluntary purchasing, examining the mental processes involved in selling, aiding people to reach decisions, and the aims of every sales organization. Under the chapter, "Determining Sales Strategy," it is held that selling is not simply pouring ideas into a pros-

pect's mind, but rather in solving with him a problem, which he may not at first be aware of, but wants solved, and which can be supplied by the purchase of the salesman's goods. Prospecting, Starting the Interview, Presenting the Proposition and Closing the Sale are excellent chapters with many fine examples of up to date practices in salesmanship.

The last seven chapters deal more specifically with personnel problems.

In carrying out his thesis that human wants must be determined before any attempt is made to solve the problems out of which they grow, whether in sales or labor relations, the author shows that before any adequate program of industrial relations can be formulated it is essential that there be an understanding as to what both employees and employers want. Dr. Strong says there is a tendency for man to feel his wants rather than to analyze them and express them clearly in words; but only as they are so expressed can they be properly communicated to others, particularly to those not close to the situation.

In discussing "What Employees and Employers Want," Dr. Strong contends that both have far more wants in common than in conflict; that few psychologists believe there

is any instinct of workmanship, but rather that our conception of what is worthwhile is largely based on the approval and disapproval of our fellowmen. A group of workmen who have been slowing-down on the job will work like fury when a life is at stake, for all approve of the effort put forth.

The book aims to show how

people are influenced and how we may increase our understanding of getting people to co-operate in the execution of solutions. This, Dr. Strong contends, can best be done, throughout all the relationships in business, when it is understood that the easiest way to influence another is to aid him to solve his problem in his own way.

### THE MACHINE AND THE WORKER

Report No. 82 of the Medical Research Council, Industrial Health Research Board (Obtainable at the British Library of Information, New York). Price 30s. By S. Wyatt and J. N. Langdon (Assisted by F. G. L. Stock)

Reviewed by FREDERICK B. FLINN

One of the most marked tendencies in modern industry is the gradual replacement of hand work by machines. Various methods and devices used make different demands on the workers concerned. Raw material may be shovelled into the hopper in amounts which will supply a machine for a long time, or each unit may be fed separately and the operator expected to keep pace with the machine.

In the investigation being reported, each machine was controlled by a single worker. It was found that the efficiency varied between 52 and 86 per cent. Low efficiencies were due to an excessive number of enforced stoppage, or to the failure of the operator to keep pace with the requirements of the machine. The time loss through enforced and personal stoppages tended to increase as the speed of the machine increased.

A questionnaire of the employees

showed that 71% did not have the feeling that the machine forced them to work at a speed which they could barely keep up. 20% felt so occasionally and with remaining 9% it was a common experience.

73% said they would like to work faster than the rate imposed by the machine, but only 5% would like a permanent increase. 75% were in favor of being able to change the speed of the machine, and mentioned most frequently the advantage of being able to increase the speed rather than slow it down. This attitude was determined by the monetary incentive.

Workers complained chiefly of having to wait for work and trouble with the machine. The next factor was the monotonous nature of the work, closely followed by noise. The fewest complaints of noise came from the employees operating the noisiest machines. About 18%



complained of fatigue. Where the speed of the machine enabled the operator to work at a comfortable rate only 2% complained of fatigue, but the percentage rose to 42% when they were employed at fast machines.

Certain facts stand out. Efficiency and satisfaction in machine-feeding are largely dependent on the relation between the speed of the machine and the capacity of the operator.

If the former exceeds the latter it results in an irregular rate of working and is conducive to strain and fatigue. In such cases a reduction in the speed of the machine is capable of increasing output and pleasure in work.

If the speed is much below the

capacity of the operator, the conditions are distasteful and conducive to boredom.

Workers preferred the type of work that coincided most closely with their feelings of freedom from strain on the one hand and of boredom on the other. There was very little evidence in favour of the view that operatives like an "easy" time.

Inquiry as to the possible sources of discontent showed that the features of the work which were most disliked were waiting for work and trouble with the machine.

The results also provide further evidence of the value of social contacts as an antidote to boredom and as a means of promoting pleasure in work.

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The Findings and Recommendations Embodied in This Digest of Industrial Medicine and Surgery are Based Largely Upon the Personal Surveys of the Medical Services of 1,657 Industrial Establishments, Supplemented by Statistical Data.

# Medical Service *in* Industry

Extract from Report

By M. N. NEWQUIST, M.D.

American College of Surgeons

INDUSTRIAL managements should analyze thoroughly their medical or health problem before embarking upon an extensive medical program. Experience has shown that judgment should be exercised just as much in determining where to stop as where to begin an industrial medical service. If the fundamental purpose of industrial medicine is well understood there should be less difficulty in organizing and maintaining an adequate service. The basic objectives of industrial medicine are as follows:

1. To ascertain, by examination, the physical and mental fitness of employees for work.
2. To maintain and improve the health and efficiency of those already employed.
3. To educate the worker in accident prevention and personal hygiene.
4. To reduce lost time and absenteeism from illness or injury.

The extent of an industrial medical service and the number of its medical personnel will depend upon the nature of the industry, its location, and the number of employees. In isolated communities or camps it may be necessary to provide complete medical and hospital service for employees and their families. With good roads and modern conveniences for rapid transportation, however, very few industrial communities are now considered to be isolated. Industrial organizations should therefore draw upon available local medical service and facilities in so far as possible.

## *Staff*

Each industrial organization should have a medical or surgical director. Usually the cart has been

placed before the horse in the organization of industrial medical services in that the program would first be formulated by lay managements and then a doctor would be hired to render service, mostly in the rôle of a medical employee. Obviously management and the medical director together can formulate more practical policies and procedures for a health program than would result from independent action. The assistant plant physicians, first aid attendants, and medical consultants should be selected by the medical director and the service as a whole should be correlated and supervised by him.

### *Time Devoted to Service*

The effectiveness of any program is contingent not only upon the qualifications of the medical director but also upon the amount of time, energy, and enthusiasm devoted by him to the service. No hard and fast rule will apply to the time that should be devoted to this work. In a survey of 925 companies made by the American College of Surgeons in 1932, physicians were employed full time in only 2 per cent of the plants having less than 250 employees as compared with 36 per cent of the plants having 1,000 or more workers (Table I).

Undoubtedly the full time service of a medical director is desirable and in many cases necessary where the nature, size, and administrative requirements of an industrial organization are such as to warrant it. It is

the consensus of opinion of industrialists and physicians, however, that additional members of an industrial medical staff should be selected from physicians or surgeons who are also engaged in private practice.

It is their contention that private practice, which tends to keep physicians abreast of scientific knowledge and skill, when linked with industrial practice, makes them more valuable to industry. A physician who is unaggressive and who is cloistered

TABLE I  
PERCENTAGE DISTRIBUTION OF PHYSICIANS BY SIZE OF  
ESTABLISHMENT  
Source: American College of Surgeons

Number of employees	Number of companies surveyed	Physicians		
		Full time	Part-time	On call
		percent	percent	percent
1-249	63	2	11	87
250-499	137	9	35	55
500-999	233	14	42	45
1,000 and up	494	31	55	14
Total	925	24	46	30

full time within the four walls of an industrial establishment has every opportunity to become stale professionally and too often such is the end-result. For these reasons some of our largest corporations encourage or permit their medical or surgical directors to engage in private practice in addition to their industrial work.

The physician who devotes part time to an industrial organization can still assume the indicated supervisory responsibilities and can render an acceptable medical service by delegating some of the detail work to

qualified assistants. Dynamic and yet judicious supervision of the medical service will be rewarded with a more alert and efficient medical and first aid personnel regardless of how far flung the operations and service of the company may be. That the personality of the medical director is reflected in the character of the industrial medical service has been a repeated observation.

The physician who is placed on a call basis for emergencies or for special work serves in such a disjointed fashion that he tends to lose all interest in the health problems of the industrial establishment he serves. This curative type of service is, of course, obsolete but it is the type of service that the great majority of small industrial organizations have arranged for or have permitted.

A transient type of medical personnel is thrust upon some employers by individual physicians or groups of physicians who serve such large numbers of industrial plants that it is necessary for them to employ assistants.

The pay for such assistant physicians is usually so low that the positions are used only as stepping stones by medical students, recent medical graduates, or by physicians who are looking about for other opportunities and locations. Another factor tending to disrupt the continuity of medical service is the fact that each insurance carrier uses its own list of doctors, and a change of insurance carrier generally entails a changing of plant physician. Fre-

quent changing of plant physicians undoubtedly tends to demoralize an industrial medical service. Much of this confusion could be overcome and the quality of industrial medicine improved and stabilized as a whole if each employer would definitely fix the responsibility for his entire medical service at one point and in competent medical hands.

### *Consultants*

The consultant most frequently called is a surgeon unless the plant physician is already so qualified. In the earlier day when the repair of injuries was the chief concern of the employer, the company doctor was of necessity a surgeon. The chief surgeons of many industrial organizations not only continued to do major surgery for their respective companies but they become more active in directing or supervising the medical services as a whole. Accident prevention has reduced considerably the amount of traumatic surgery in industry, and the institution of health preservation measures including those for occupational disease has so utilized the services of internists and other medical men that it will not be long apparently until the number of medical and of surgical practitioners in the industrial field will be about equal.

### *Oculists*

Second in importance from the standpoint of frequency of consultations are the oculists. One of the largest motor manufacturing estab-

lishments in the country reported in 1932 that 20 per cent of their total injuries were eye injuries. The more widespread use of goggles has reduced this injury frequency somewhat but the relative importance of the organ involved is so great that only the safest of diagnostic and therapeutic measures should be employed in caring for the eye.

Oculists have been used by industry more for treating eye injuries than for making eye examinations. Minor eye injuries are usually treated in the plant dispensary by the plant physician and his assistants, the more serious cases being sent to the oculist at his office or to the hospital under his care. In a similar manner the plant physician and his assistants test the visual acuity, visual fields and color perception of employees in the course of the routine physical examinations, referring those with visual defects elsewhere for refraction.

Periodic examination of the eyes, while commendable, has been abused to the point of being a racket by some commercial optometrists. Industrial organizations are solicited for the privilege of examining the employees at no cost to the employer. The optometrist sets up his stand in the plant, examines the employees free of charge, and then sells the glasses prescribed, supposedly at a discount. The optometrist who is not a physician does not interpret the eye findings in relation to systemic disease. In order for the purveyor to make a profit, glasses must be sold. The employees, not wanting to jeopardize their

jobs, have no sales resistance—and so the vicious cycle continues. Surely industrial managements would not permit the overhauling of their expensive plant machinery on the same basis, "labor free, you pay for the parts."

The American College of Surgeons and the Conference Board of Physicians in Industry have gone on record as opposing the examination of eyes by other than qualified medical practitioners. In New Jersey legislation has been enacted prohibiting so called eye surveys by optometrists in industrial establishments.

#### *Dentists*

While the value of dental service is generally recognized, it has not been introduced into industry to any appreciable extent. Surveys of 925 industrial establishments made by the American College of Surgeons in 1932 showed that 9 per cent of those plants having 1,000 or more employees had provided dental service as compared with less than 1 per cent in the plants having less than 500 workers. The reason for this comparatively negligible utilization of dental service by industry are, first, the occasions for dental care are relatively rare from the standpoint of compensation requirements, and second, industrial authorities believe that it is more economical for the employer to have the plant physician give a superficial dental examination along with the routine physical examinations, and to refer all employees as indicated to their own private dentists. In a

study of dental clinics of 59 companies made by the Division of Hygiene of the Pennsylvania Department of Labor and Industry, it was found that the average cost of equipping a dental clinic was \$1,958.03 with a minimum cost of \$329.29 and a maximum cost of \$8,000. The average annual cost of operating the clinic was \$3.38 per employee.

#### *Nurses and Others*

Graduate female nurses who are registered are commonly used in the dispensaries of the larger industrial establishments. By virtue of their training, they are familiar with the principles of asepsis and antisepsis, they have some knowledge of bandaging, they are already well trained in keeping records, they maintain the dispensary in a better state of cleanliness, and finally, the white uniform has a desirable psychological effect. Graduate nurses are often employed in a dual rôle of providing care for cases in the dispensary and serving as welfare workers.

Welfare and nursing services are further extended in many plants by the employment of specially trained nurses for making home visits or by the utilization of similar services provided by the insurance carrier or by the local public health nurses' association. Graduate male nurses are used to a limited extent in isolated plants, on night shifts, or where male employees predominate. Laymen who have had courses or training in first aid work or who have shown some aptitude for this work are

generally relied upon for the first aid service in the smaller establishments.

Technicians are employed in some of the larger industrial organizations that maintain x-ray and clinical laboratories and that do a large volume of diagnostic work. This is particularly true in plants that find it necessary to make frequent blood, urine, and chest examinations on account of existent occupational disease hazards. Nurse technicians who can play a dual rôle are frequently employed. In the majority of plant dispensaries a urinalysis is the only laboratory procedure and these examinations are usually made by the doctor or by the nurse so trained. The services of physiotherapy technicians have been found helpful in the treatment of lost time injuries, particularly in rehabilitation clinics, but in the average plant this work is usually done by the nurse.

#### *Rank of Medical Department*

In survey of 1925 industrial establishments made by the College in 1932 it was revealed that the practical administration of the majority of medical departments or services was relegated to departmental heads who were below the rank of plant manager (Table II). In this analysis a major rating was given to the medical service if it came under a director of industrial relations who was a major official. Since this survey was made there has been an increasing realization on the part of management as to the importance of the human element in industry and as a result a number

of competent directors of personnel or of industrial relations have been promoted in rank within their respective organizations.

Inasmuch as the surveys of the smaller plants included in Table II were directed chiefly to establishments in which the management had manifested some interest in their medical service, the 33 per cent of supervision attributed to the insurance carrier does not represent the true conditions in this size group.

TABLE II  
RANK OF MEDICAL DEPARTMENTS IN INDUSTRY

Source: American College of Surgeons

Number of employees	Number of surveys received	Physician responsible for:			
		General manager or supervisor	Plant manager	Dept. of industrial relations	Insurance carrier
		per cent	per cent	per cent	per cent
1-249	61	15	29	23	33
250-499	137	20	23	32	25
500-999	233	23	21	37	19
1,000 and up	494	36	12	47	5
Total	925	29	17	41	13

It is estimated that the medical services in approximately 75 per cent of the smaller plants are responsible to the insurance carriers.

Clark and Drinker have divided the organization of an industrial concern into four great divisions—administration, production, sales, and personnel—and have recommended that the medical department come under the management of the personnel division. This is logically correct provided the medical department is not subservient to the other depart-

ments such as the employment, safety engineering, or legal departments. The medical department is in a peculiar position in that it must maintain a neutral position, discriminating against neither management nor labor if the confidence of both groups is to be maintained.

Lack of time devoted to his work or a lack of interest and administrative ability on the part of the physician, and a failure on the part of the management to take sufficient interest in the medical service, frequently lead to undue subordination of industrial medical services. Situations have been observed in our surveys where the plant physician was responsible to the nurse or to a welfare worker or some other person in the plant whose rank was so insignificant as to minimize the importance of the medical service in the minds of the workmen. Such conditions of subordination will not attract to industry competent physicians and surgeons. Full responsibility for the medical service should be delegated to the medical director and he as a physician should be the authority on all medical problems within the plant.

In a survey of 925 industrial establishments made by the College in 1932, 73 per cent of the larger organizations surveyed had established routine pre-employment physical examinations and 36 per cent were conducting periodic examinations either routinely or for special groups of workers (Table III). In the plants having less than 250 employees, 31



per cent of those visited had instituted pre-employment examinations and only 10 per cent had periodic examinations. The percentages listed for the latter group are not representative of the smaller establishments since the surveys in the smaller plants were largely directed to those which were considered to have some plan for medical service. The percentage of establishments in all sized groups giving physical examinations to employees has subsequently been ma-

and which have instituted physical examinations of all executives and office personnel in an effort to reduce time loss due to illness.

A number of large corporations examine annually all of their employees over 45 years of age and every second or third year those under 45. Others have placed the health examinations on a purely voluntary basis. Experience has shown that the latter practice is not as efficient as one in which an orderly system plus voluntary examinations has been provided.

TABLE III

PERCENTAGE DISTRIBUTION OF PHYSICAL EXAMINATIONS  
BY SIZE OF ESTABLISHMENT, 1932

Number of employees	Number of companies surveyed	Source American College of Surgeons			
		Pre-employment physical examinations		Periodic physical examinations	
		Routine	Special (occupational)	Routine	Special (occupational)
		percent	percent	percent	percent
1-249	61	31	0	10	
25-499	137	51		15	3
500-999	233	57	1	13	7
1,000 and up	494	73	3	23	13
Total.....	925	63	2	17	11

terially increased on account of the occupational disease situation.

As a general rule office workers and officials are not included among those given pre-employment examinations. The reason for this omission is their non-hazardous occupation which adds very little to the compensation costs. It is gratifying to note, however, that there are organizations which have realized the value of health preservation measures beyond the reduction of compensation costs

### *Non-Industrial Injuries and Illnesses*

Medical and surgical service provided by industry for non-industrial injuries and illnesses has long been a cause for misunderstanding and bitter conflict between the industrial physician and the private practitioner. The field of the private practitioner has been encroached upon from various angles and he is justified in making some of his complaints. Many companies have gone beyond their legal obligations and have provided partial or full medical care for their employees and, in some instances, for their families, either gratuitously or through payroll deductions. The private practitioner finds his patients slipping away to the plant dispensary for diagnosis, x-ray or laboratory examinations, or treatment at low or no cost, for conditions for which industry is not responsible.

An industrial medical service is considered to be "extended" if it goes beyond the routine pre-employment and periodic physical examinations,

the preventive and curative measures for industrial injuries and occupational diseases, and reasonable first aid and advice for non-industrial injuries and illnesses while on duty. Of the 925 companies surveyed in 1932 by the College, 19 per cent provided extended medical service according to the above criteria (Table IV). As is to be expected the greatest percentage of extended medical service is found among the larger establishments.

TABLE IV

INCIDENCE OF EXTENDED MEDICAL SERVICE IN 925 INDUSTRIAL ESTABLISHMENTS

Source: American College of Surgeons

Number of employees	Number of companies surveyed	Percentage of companies providing extended medical service
1-249	61	2
250-499	137	12
500-999	233	15
1,000 and up	494	24
Total.....	925	19

### *Small Companies*

Reports to the National Safety Council and to the American College of Surgeons show that the injury frequency and severity rates are considerably greater in the small industrial establishments than in the larger ones. The reasons for this comparatively poorer showing by the small plants are the greater diversification of duties of the employees, the lack of adequate safety measures, and the lack of adequate medical service.

It is quite impossible for the smaller industrial establishments to have individual medical departments since

the per capita costs eventually become prohibitive as the total number of employees decreases. For this reason group medical service has been found to be advantageous. Groups of establishments in some localities have banded together, employed a doctor, and set up a centrally located clinic.

### *Group Service*

The type of group service to be recommended is where the physician or surgeon, who is licensed and otherwise qualified, establishes and provides a continuous and efficient medical service for a group of industrial organizations. In providing this service the physician or surgeon makes periodic visits to the plant.

He institutes health preservation measures, including pre-employment measures and periodic physical examinations, the prevention of infection, and the control or elimination of other health hazards. He arranges for the treatment of employees who become ill or injured in the line of duty by one who is competent in industrial medicine or traumatic surgery and he follows each case until the worker is back on the job. He confers with and advises the employer relative to industrial health problems and he supervises the plant medical service in general. By specializing in this type of work he can achieve better results, and by his serving large numbers of employees the per capita medical costs will fall within reasonable limits.

The states of Massachusetts and

New York have had departments of industrial hygiene in their departments of labor for a number of years. Through efforts of the United States Public Health Service and partly supported by special federal funds, departments of industrial hygiene have been established recently in the health departments of 24 states for the purpose of co-operating with industry in the study and control of

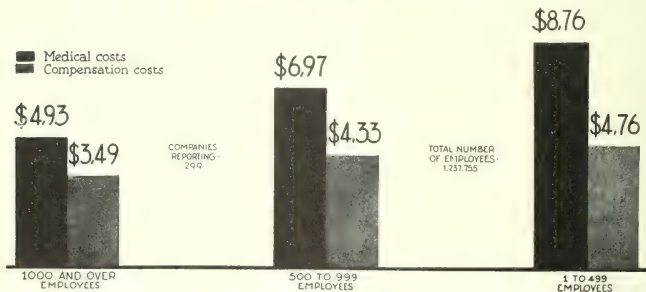
greatest hope for the solution of this problem.

#### *Costs by Size of Plant*

In a study of 299 companies employing 1,237,755 workers, the College found that establishments having 1,000 or more employees showed a per capita cost for medical and compensation purposes of \$8.42 as compared with a cost of \$13.52 for the

#### MEDICAL AND COMPENSATION COSTS

According to Size of Plant, 1936



#### Better organization of medical and safety services means lower costs

occupational disease and other industrial health problems. All such efforts are helpful in dealing with the industrial health problems of the smaller establishments particularly. Since industrial medicine is a specialty, however, and since a license is required to practice medicine and surgery, it would appear that the organization by qualified practitioners of "group medical service" offers the

plants having less than 500 workers. While an increase in the number of plant workers tends to decrease the medical and compensation costs, nevertheless better organization of the medical and safety services in larger plants accounts largely for their lower costs. In the smaller plants in which physicians are on a call basis, the proper health preservation measures are seldom instituted. The final

costs reflect the efforts put forth in prevention. The 60 per cent greater costs paid by the smaller industrial organizations for medical service and compensation would indicate that they have not yet fully realized that it is cheaper to pay for preventive measures through organized and efficient medical and safety service than for emergency repair service and compensation.

### *Relation to Group Insurance*

Group life insurance outstanding at the beginning of 1938 is estimated at \$13,900,000,000, which is equivalent to about 38 per cent of the salaries and wages paid out during 1937 by private industry in the United States, according to Thomas I. Parkinson, president of the Equitable Life Assurance Society. He also announced a new peak in group insurance. About 8,000,000 workers in the United States are now covered. Insurance covering disability from non-industrial injury and illness is also included in much of the group insurance. Since employers pay part of the insurance premium they also are interested in the effect that medical service might have on disabilities and postponable deaths and in reducing the insurance rates. It has been our observation that adequate industrial medical services have not failed to reduce absenteeism wherever they were instituted.

In an automobile accessory plant

employing 3,212 workers, the annual per capita group insurance benefit payments for disabilities from non-industrial injuries and illnesses were \$21.63 in 1929. Two-thirds of the employees were females and only the ordinary first aid and medical service for industrial injuries were provided. A more complete medical service was then instituted including pre-employment and periodic physical examinations and a close follow-up on all cases.

The absenteeism and benefit payments decreased during the next 3 years until, in 1933, the per capita benefit payments were \$8.05. The number of employees was less in 1933, being 2,609, but the schedule of benefits remained the same during this entire period. The 63 per cent reduction in benefit payments was a splendid accomplishment but of greater importance was the improved health of the working force, the steadier employment, the more efficient production, all of which inure to the profit of both employer and employee. While the aforementioned instance is rather spectacular in its prompt results, many other companies have reported similar worthwhile experiences resulting from a well organized and conducted medical service.

*Reproduced through the courtesy of American College of Surgeons, 40 East Erie Street, Chicago, Illinois. Copies of the full report may be obtained from the College free of charge.*

*Typical Medical Examination Record*



Precautionary Measures to be Taken for Protection Against Complaint of Unfair Discharge Here Advised, Could Well Form the Base for Better Personnel Practices in Smaller Companies.

# NLRB *and* Discharges

By WILLIAM GIRDNER

National Council of Shoe Retailers, Inc.

New York City

THERE are three reasons why it is desirable for an employer to be able to justify a discharge and thus avoid a possible Labor Board order for reinstatement. He does not wish to take back an inefficient or an insubordinate employee, who would probably be more so if his reinstatement were forced. The morale of a business is endangered by such an incident. The union is greatly strengthened in its appeal to other men.—“See, they couldn’t fire John Jones; he was a member of the union”—would be the typical reaction.

For these reasons, it is important that, when a discharge is made, the management *knows* that it can, if necessary, supply concrete evidence or competent testimony proving that

the man was discharged for good and substantial reasons, rather than because of union activity.

## *Labor Board Practices*

We present here a summary of Labor Board procedure—showing what is likely to happen when a complaint is filed alleging discharge for union activity.

1. The complaint is turned over to an investigator, who makes a preliminary investigation to determine whether the matter can be settled without a formal hearing.

2. This investigator confers with the union officials and with the management. He may also confer individually with other employees of the store to get their private views.

3. He then usually proposes to the

management that the employee be reinstated—*either* stating that it seems clear to him that the man was discharged for union activity, *or* that, while he agrees with the management that there was some justification, he believes the man should be given another chance and that the management should reinstate him in order to avoid any possibility of *appearing* to discriminate.

4. If the management declines to reinstate the man, and if the investigator is really convinced that the man was discharged for union activity and that the union can prove this, he orders a formal hearing.

#### *When Union Case Poor*

5. If the management declines, and if the investigator has been convinced that the union has a poor case, he suggests that the union and the management try to reach a private understanding to drop the case.

In that case, the union is usually ready to "compromise", and will try to get something for the man, probably two or three weeks' pay. If the management makes some concession to the union, which may or may not be advisable, depending upon the particular case, that will be the end of the matter. If it does not make a concession, and if the union still feels that it has a case, it may demand and receive a formal hearing on its complaint.

6. If the investigator feels that the union's case is weak, he may strongly recommend that the union drop the case, despite the union's desire for

a hearing. Usually, the union will do so—because it feels sure that if the Board's agent feels this way about it, there is little, if any, chance to win at a formal hearing. This procedure accounts for the fact that the unions win so large a proportion of the cases brought before the Board. Those cases which the unions seem likely to lose are dropped before reaching a formal hearing.

#### *When Hearing Ordered*

7. If a formal hearing is ordered, the Board appoints a Trial Examiner, before whom the hearing is held. Both the union and the employer submit evidence, offer witnesses, etc. Usually, much the same ground which has been covered in the preliminary investigation will be officially covered and recorded at the formal hearing.

8. After hearing both sides, the Trial Examiner makes a recommendation to the Board, either for dismissal of the case or for an order reinstating the employee.

9. The Board will issue an order, either dismissing the complaint or ordering reinstatement, in most cases following the Trial Examiner's recommendation which is usually for reinstatement.

10. If the order is for reinstatement, the employer must either comply or carry the matter into the courts.

From the preceding outline, it will be seen that the employer's best protection is to have a definite, legitimate case which will be convincing

to the first investigator sent by the Board.

In most cases it will be found that the investigator will strongly urge the union to drop its complaint if he is convinced that it has a poor case. This has happened on numerous occasions. Such action is really in the interest of the union, and it is also the Board's interest to save time and trouble.

### *Keep Records*

What can management do to protect itself against a complaint of unfair discharge for union activity? Some of the chief precautionary measures are:

See that each and every executive in the organization who is authorized to make or to O.K. a discharge understands that he may be called upon to produce evidence and testimony in support of that discharge. One man's word for the reason will not be enough. Either there must be other men who will back up this testimony, or there must be written records.

Some factories now have a documented factual record on every employee discharged. They maintain a card for each employee on the payroll—and post to it a record of absences and all violations of posted rules, with spaces for the reason for discharge, a statement by the foreman or direct supervisor, a record of who stated the reason to the employee, and who witnessed that statement, together with other pertinent facts. This is hardly necessary or practical

in small businesses, but it does suggest the great importance of having a record not only of the immediate cause for the discharge, but also of the cumulative previous conduct, which might have justified a discharge.

State the reason for the discharge to the man at the time. A frank, and not unfriendly, statement of the reason for discharge is useful not only for the purpose of demonstrating the firm's open procedure in the event of a complaint, but also is sound personnel procedure, regardless of Labor Boards.

If possible, there should be a responsible witness. There will thus be two men who can state the reasons which were given at the time of the discharge.

### *Motives Judged by NLRB*

See that no man is discharged for trivial or purely personal reasons. The NLRB and the State Boards have repeatedly held that every case must be decided upon its own merits and in the light of all the underlying circumstances. They have, therefore, refused to accept minor infractions of rules, as legitimate reasons for discharge of active union men, where other evidence indicated possible discrimination by the management.

The NLRB has always taken into account the employer's motives as well as his specific actions. His past statements to employees and his expressed attitude toward their possible union affiliation, if any, are taken



into account in determining whether a mere excuse has been found for the discharge, or whether the discharge would have been made, anyway, regardless of union affiliation. For example: If the investigator questions other employees, as he may, and finds that some of them have in the past violated the same rules without being discharged, or have been equally inefficient without being discharged, it will be assumed that the employer has made the discharge without sufficient cause, and that union activity was the real reason.

Keep a record of any and all complaints made concerning the employee, by his superiors or by customers. If a customer complains orally, his name and address should be secured if possible. Any letter of complaint should be carefully filed.

Keep a dated record of any warnings given to the employees by a superior. This is especially important in cases where a man who has been employed for several years has been discharged. The Labor Board may say: "For two years, this man performed satisfactorily for you. Then, a few weeks after he joined a union, he is discharged. Why did you suddenly say he isn't doing his work as you wish it done?" Obviously a factual record of any warnings or reprimands which have been given over a period of time, in a case such as this, would be of great value, showing that the discharge was the result of a developing dissatisfaction.

The importance of adequate records concerning discharges has been

brought home to several companies recently where complaints were filed some time after the discharges, and when the incidents leading up to the discharge were not fresh, and even when some of the persons involved were not available or could be located only with difficulty.

In most cases, if a complaint is going to be filed, it will come immediately or within a few weeks. In any event, a definite, clearly understood method of handling discharges should be established and made familiar to everyone in the organization who has anything to do with the termination of employment.

#### *Two Clean Records*

Two cases have come to our attention.

Two men in a business employing six men were 'laid off' because of declining business. The two men happened to be the only union employees. The union appealed to the State Labor Relations Board alleging discrimination because of union activity. The Company showed that the two men were the most recently employed, and the firm was following customary lay-off policy of some years' standing without regard to any consideration other than seniority. The company also showed that recently employed non-union men were laid-off in another business, while an older union man was retained.

One man in a business employing four men was discharged. He was replaced within a few days. He had been an active union member, had

solicited membership from other employees. The union filed a complaint with the National Labor Relations Board. The NLRB investigator asked for a conference with the management, but before that conference was held, individually interviewed the other employees as well as a former employee.

The uninfluenced testimony of these men was an important factor in leading the investigator to the conclusion that the man was discharged for cause (discourtesy and insubordination) and that the union had no case. The investigator questioned the men closely concerning whether the management had ever asked them not to join the union, or to leave the union, or had ever said they would be better off if they did not join.

The men had actually joined, but failed to pay dues. The District Manager, properly informed by headquarters, had once told the men,

when asked, that their outside activities or their affiliations with any fraternal or other organization, were not affairs of the company, and were entirely up to them. This statement was remembered by the men, and repeated to the investigator. There was no evidence of discrimination.

### *Do It Now*

We believe that the time to consider this entire matter, of procedure on discharges, is now rather than later. If the situations suggested now seem remote to an employer, so much the better! The companies which have found themselves faced with a reinstatement order and which have experienced the unfortunate and unfavorable effect upon their employees, have been companies which had not thought about this question in advance, and were caught without warning or preparation.

The Company House Organ Can Aid in  
Keeping All Employees, from Porter to  
President, in a Frame of Mind so That They  
Have an Earnest Desire to Work Together

# The Company Magazine

By WENDELL P. BIESER

New York City

IN MODERN business the company magazine has become a vital and necessary part of public and employee relations. The CIO and all the other headaches that industry is suffering from did not bring this about. It is good business even in a recession. Long ago many companies, because of extensive wage and labor problems, came to realize that it was imperative for them to possess some sort of printed medium through which the story of their activities, aims, and purposes could be told in the most effective manner. The company magazine does this particular job in a way that no other kind of advertising or publicity can.

According to a late 1937 issue of Forbes Magazine, there was expected to be an increase in the num-

ber of house organs in 1938, but we have no way of knowing exactly how many are not being inaugurated because of the business situation. Recessions or depressions do have a terribly blighting effect on them.

Some also peter out after a puling and sickly infancy. Many of these weak babies should never have been born at all, for they were doomed to failure because they were begun without a definite policy. They did not have the support of the directors, and the editor was often someone who was trying to get out the magazine in his spare time. There was no plan, program, form, preparation for future issues, or enthusiasm, and soon, no breath of life. All the money spent was thrown away.

This is how not to do it. Unless

a company starts out with the determination to have a first class house organ, not necessarily an expensive one, it is far better to forget all about it.

### *Aid Cooperation*

Large organizations are constantly faced with the problem of getting employees, departments and branches to cooperate to the fullest extent. The house organ can aid in uniting these various elements. In many a business firm, a man in one department is doing so specialized a job that he knows very little about what another department is doing, but the house organ may be the tie which brings them together and explains each to the other.

House organs act as a medium of information for employees and stockholders and knit together an organization; create esprit de corps and good will among employees; tell the story of the firm and its products to the trade; combat internal dissension, inspire loyalty and increase efficiency and production; furnish an employees forum; supply important selling data to salesmen; present informative articles; act as a spokesman for the firm and the industry.

An outline of some of the more important elements in the editorial policy of an effective house magazine follows.

### *How to Get Stories*

The editor, though possessing the ability to write easily and well, will not attempt to write the magazine

all by himself. He will persuade employees to contribute articles. Many men in different departments are likely to be experts at their jobs, and they will usually be found proud to furnish articles on their specialties. If the editor finds that it is not possible for such a man to prepare an informative article, he may overcome the difficulty by sitting down with the man and interviewing him. The story may then be run in that form with every point, requiring emphasis and enlarging upon, covered in detail. The editor will generally possess a social, educational, and business background so that he is liked by everyone. On this basis he will be able to gather his material for the magazine by reason of his friendships. In doing this he will be a living example of the friendly cooperation which he is building up for the company in his house organ.

It is advisable that the editor should report to one boss only. The editor should be able to go to one of his superiors for a settlement of a problem involving, perhaps, a matter of policy and obtain from him a definite answer.

The house organ should be edited and produced with the same efficiency as a newspaper or a commercial magazine. This involves the setting up of a schedule. The magazine should come out on time, with the regularity that has been decided upon, monthly, bi-monthly, or quarterly. There should be a closing date for the receipt of copy, and from this time

on every stage of the work should progress according to schedule. There should be a period for editing, choosing illustrations and making engravings, making up dummy, reading galley proofs by the editor and by authors, checking by superiors or specialists, page proofing, and finally putting the "paper to bed." Printers are limited by factors of time, paper, and man power, and with these limitations the editor should be thoroughly familiar. He should keep to his schedule, and if he has a good printer, his magazine should come out on time. The schedule should have sufficient flexibility to take care of minor derangements which are bound to happen.

Stories should be timely and interesting. Experience has shown that if important articles are prepared in an interesting and authoritative way, other editors will ask permission to reprint them in newspapers and trade magazines.

A well written, carefully edited, illustrated article will be in demand long after the particular issue in which it appeared is exhausted. If, on the other hand, it reads like a speech on the Congressional Record, it will arouse about the same small reader interest.

#### *Pictures and Charts Help*

Graphic maps containing no unnecessary details are desirable. Charts drawn or prepared with the same economy of line and symbol are also effective. Simplicity and clarity are essential, and there should be no

lines, symbols, or figures, other than those required to illustrate the idea.

An extensive file of photographs should be built up and pictures used wherever possible, for one good picture is worth many words. If the budget warrants it, there should be some member of the editorial department who can take pictures. Perhaps part of the magazine's equipment should be a camera of sufficiently high quality to take almost any kind of shot.

With a really fine selection of pictures, it is possible to print special pictorial issues of the house organ, containing chiefly photographs, drawings, and maps, devoting these numbers to anniversaries of the firm, important new enterprises of the house, or annual numbers at Christmas time, for example. These special pictorial issues would tell their story chiefly by illustrations and photographs with suitable captions.

#### *Type of Mailing List*

A magazine's mailing list depends upon the object of the enterprise, that is, who is to be reached. A magazine published to further the interests of the firm in general may go to officers, employees and stockholders, government, state and city officials, newspapers, magazines, diplomats, consuls, commercial attaches, libraries, clubs, and perhaps clients. It may be exchanged with other house organs and trade magazines. The mailing list may be expanded from time to time. It should

be checked periodically. An easy and effective way to do this is to send out a postal card with a return card attached asking the recipient if he wishes to continue receiving it. If a section is provided for comments that he may care to make about the magazine, many helpful suggestions will be received.

In order to build up prestige for the magazine, it is a good plan to send proofs of leading articles before publication, to magazines and newspapers which may have reason to print them. These publications are often glad to do this if the stories are worth while, particularly if cuts or photographs are also available at no cost to them.

There is no limit to the usefulness of a good company magazine editor. For example, he may edit a fort-

nightly or monthly business review, a daily press summary, digest articles from other house magazines and trade publications for the company executives. A portion of the house organ may be devoted to reviews of new books tying in with the company library, and the development of reading courses, designed to aid employees in advancing and doing their jobs better.

By its very nature, a business or corporation, as it grows in size, is apt to become more impersonal. Whether the employees of a company are unionized or not, a company magazine, well planned and capably edited, can do much to overcome this difficulty. It can aid in keeping all employees, from porter to president, in a frame of mind so that they have an earnest desire to work together.

If an Employer Finds a Union Appealing to His Employees Only on General Issues He Can Relax, but if They Are Picking Slight Flaws in His Personnel Methods, He Had Better Take Heed.

# Union Flyers

By OTHO J. HICKS

National Retail Dry Goods Association

UNION propaganda falls into three major classifications. First comes union influence in the daily press. However, with the possible exception of a few highly unionized communities, this influence is practically negligible. Most newspapers are themselves large employers, and furthermore, their first loyalty is to their advertisers. Second comes the regular union press. The central councils of both the A. F. of L. and the CIO have their own publications and most of the larger unions have their individual official organs which appear regularly.

Such publications, while they present the union point of view on various issues, cannot be considered to have great value as propaganda, since they ordinarily reach people

who are already union members. The most important type of union propaganda, particularly from the employer's standpoint, is that addressed to potential union members.

## *Kite and Weapon*

Union handouts fulfill a double function for the union. They act both as a testing device and as a weapon. The usual union procedure is to make a tentative handout at a store and then wait for developments. If there is no response, that is, if few of the store's employees apply for information or membership, and if the management seems unconcerned, the chances are that the union will not repeat its circularizing of the store. If however there are signs that employees are sympathetic to

the call and that management is on guard, the union will probably go ahead with a drive in which propaganda plays an important part.

This means that propaganda as a weapon is brought into play only when the employer has shown himself vulnerable. The union cannot afford to waste its time and efforts on stores where employee-employer relations are fundamentally harmonious. It is far easier and more expedient for the union to bend its efforts to widening any existing breach that has been started from within.

#### *Bourgeois Psychology*

In all justice, it must be said that the union will frequently more shrewdly estimate the relative importance of such a breach than will management. The union is very realistic, as store executives sometimes are not, in appreciating the fact that employee relations go down far more often in the narrows of petty grievance than in the open sea of major policy. The most potent appeal of a union, particularly to white collar workers, is that it promises to right the minor wrongs that often outweigh long range benefits, and that it offers balm to the self-esteem that has been wounded in the machinery of a large organization.

The department store worker is essentially bourgeois in his psychology, he is not union minded by tradition like the industrial worker. Loyalty to the organization that provides his living, the respectability of his position, and the possibility of one day

rising out of the ranks and becoming an executive, are far more real to him than any concept of "workers of the world" or of a "fundamental antagonism between capital and labor." If he feels that he is getting a fair chance to work out his own salvation and maintain his self-respect, collective bargaining doesn't interest him. It is only when he has a definite sense of personal grievance against his management that he takes any interest in a union. All the union's efforts are bent on detecting and nourishing that sense of grievance.

#### *When To Relax*

The employer who wishes to counteract the effect of union propaganda would do well to consider just what points the union is making against him. Ordinarily he will find that union circulars, although they mention the wage and hour schedule he observes or the vacations he gives, are equally concerned with the leaking pipe in the receiving room, the increase in soda prices in the cafeteria, the fact that some section manager is a nag, or that relief periods seem rare. If an employer finds that the union is appealing to his employees only on the basis of general issues, he can relax, but if they are picking slight flaws in his personnel policies and procedures, he had better take heed.

Union propaganda designed to gain membership usually takes the form of circulars and flyers addressed and distributed to employees of a particular store. The handouts vary from simple union membership applica-



tion cards to two page bulletins concerned with events and grievances. Perhaps the most frequent type of handout is a one page flyer, devoted either to an important union demand or a seasonal aggravation of employment problems, and bearing an application for membership. The appli-

cation cards are usually printed, but most other material is mimeographed. Humorous or otherwise pertinent illustrations are frequently found, but they are no more elaborate than the limitations of the medium and the skill of the obvious amateur who draws them will permit.

### *Gigantic Baseball*

Typical of one page handouts is one recently distributed which carries a picture of a baseball player batting a gigantic ball labelled "union victory" and captioned "Connect With Power" as well as the following legend:

"IN THE UNION LIES OUR STRENGTH! We have learned this by practical experience. Our union is very young but it has already won many victories:—at Hearn's, Norton's, the Woolworth, Grand and Giant Penny chains, and recently at Kanter's Department Store in Harlem where a strike was won with the establishment of closed shop and wage increases. Besides these victories our Union has won substantial concessions in wages, hours and conditions, not only for us at The . . . Store, but for the employees of Gimbel's, Saks, Oppenheim Collins, the Altman, Bloomingdale and Macy Warehouses—to mention only a few!

"ONLY A BEGINNING! Today our Union is growing phenomenally. Why? Because we at The . . . Store and department store employees throughout the city realize that these preliminary victories point to just one fact:—the stronger our organization, the better our living standards will be, both now and in the future.

"By January 1937 profits increased for The . . . Store 31%. We know that The . . . Store *can* afford to pay wage increases. CAN afford to maintain a 40-hour, five day week! But The . . . Store WILL grant these improvements only when we convince the management that it MUST!

"THE MOST CONVINCING ARGUMENT IS ORGANIZATION! Many departments have joined the Union 100%. Each department that comes in brings closer the day when we will go up with our demand for

better, more secure jobs—insured by a Union contract!  
 CONNECT WITH POWER! ORGANIZE 100% IN  
 YOUR DEPARTMENT NOW."

### *Christmas Sentiment*

The character of the text varies considerably from store to store. In those where personnel policies and wages are considered below par, the same emphasis is laid on major issues as on minor points of friction. The style is inclined to be sensational and the numerous pictures dramatic if crude. In those stores that are considered more smoothly run, a more sober and intelligent appeal is made. One frequently gets the impression that the union writer is using whatever tone is used towards employees by the management of the particular store.

"Peace on Earth—Good Will to Men! It's Fun to Give."

We are now at last in the Christmas season! We all subscribe, employers and employees, to the spirit that this season engenders. And yet the most cheerless day in department store life is the day before Christmas. We realize that the same number of people cannot possibly be employed after Christmas. However, we do feel that some solution must be found to prevent as many as possible of our contingent co-workers from joining the ranks of the unemployed. This concern on the part of our union is in the true Christmas spirit. We feel that the retail industry must help solve the problem of unemployment. It must do its share by granting without struggle—in the true spirit of the season—the five day, forty-hour week. Our own store must do so to enable about 400 employees to become steady members of our family. "It's Fun to Give." Then grant us the five day, forty hour week. Instead of having sales taxes for unemployment relief, it will be a sounder economic policy to have prices adjusted on the basis that every one has a job, and earns a proper wage while having the job.

### *Professor CIO*

The same variations in character are apparent in the longer bulletins, although they all follow similar lines of organization. Some of these are issued at regular intervals and have something of the nature of a store organ. They attempt to establish a close rapport with employees by referring in a familiar manner to various store customs, executives and events, and they all

contain what is apparently considered a judicious mixture of exhortation to join the union, store and union news, complaints of store conditions and news of union activities elsewhere. The following are all excerpts from a single issue of such a bulletin.

*You Can't Beat the Union!*

The first and second issues of the X store Union paper have already brought results. Intimidation in certain departments in the store has stopped. Department heads have been ordered to correct immediately any complaints arising in their departments. Remember what Prof. CIO said two weeks ago? Start talking Union and watch how fast your grievances are corrected. . . . We in the Union will support the drive for the immediate improvement of small grievances. But we also know that there are certain demands which are basic ones for every X store employee. Those are the shorter work week, security on the job, a decent minimum wage to meet the rising cost of living. These are the concessions the management will never grant permanently unless our organized strength in the Union forces them to do so. THE UNION WAY IS THE SAFE WAY! THE UNION WAY IS THE AMERICAN WAY!

*Labor Day*

Matters of seasonal or topical interest are frequently adapted to the purpose of the union. Christmas, Easter and other holidays are an endless source of union inspiration. Typical is a flyer headed "Saturday, September 4." It bears a picture of a girl on the beach (organized worker) surrounded by six smaller pictures showing various classes of store employees at work. The legend reads:

WHAT IS WRONG WITH THIS PICTURE? Everything—so far as we are concerned!

Labor Day is an American institution—an employee's holiday. All America enjoys it, including our employers. Therefore, why shouldn't we?

The management tells us that it would be delighted to keep the store closed if its competitors would do the same. This excuse cannot hold this year. The employees of every major department store in the city are campaigning for this day off. The store across the street will remain closed this year.

Every organized worker in industry enjoys this three

day holiday. Let's make our organized strength felt in the store. A powerful Union can win our demands.

*Talk Petition Campaign for It! Join the CIO!*

LET'S START OUR PERMANENT 5-DAY WEEK  
WITH SEPTEMBER 4th! LET'S NOT LABOR ON  
LABOR DAY!

### *The Grievance Brothers*

Union editors are almost as quick as Tin Pan Alley song writers to elaborate on a popular slogan after their own fashion. A recent handout from the middle-west capitalizes on the Seven Dwarfs although apparently Snow White could not be endowed with social significance. The sheet is headed with pictures of the seven dwarfs, labelled Lay-Off, Low-Pay, Long-Hours, Insecurity, Over-time, Brow-Beater and Payless-Vacation, respectively. The following text accompanies them:

### *A Grim Story*

The Brothers Grimm once wrote a fairy story about seven jolly dwarfs who dwelt deep in the woods. Walt Disney has brought them to the screen and made national heroes of them. Dwelling deep in departments stores are the seven sad dwarfs—the Grievance Brothers. It is our intent to bring them out into the light and show them for what they really are . . . LAY-OFF is the temperamental brother. He keeps out of the way when everything is going all right, but the minute times grow hard he's right there to make them worse. He is especially annoying these days. LOW-PAY we have with us always—and hand-in-hand with him goes his tiresome brother, LONG-HOURS. They are so ever-present that they have become the mascots of the management. OVER-TIME is apt to peep up when we least expect him. Whenever we plan a very special date Over-time is sure to interfere.

INSECURITY is the saddest of the lot. He follows us around like a shadow. How we wish he were. BROW-BEATER is familiar to all of us. There is one lurking in every department. And just when we think we have had all we can stand of these grim brothers and we long to get away from it all—take a trip to some quiet or peaceful place—who comes with us to spoil even that? PAYLESS VACATION, of course.

This is no fairy tale. But it has one feature that every

good fairy tale has, and so the MORAL of this story is: JOIN YOUR UNION TODAY AND DRIVE OUT THE GRIEVANCES. LET'S GET RID OF THEM TOGETHER.

### *Cooperative Attitude Growing*

If one examines union literature collected over a period of time, it is interesting and significant to note that allowing for individual variations there are certain definite trends in the type of approach made. Union handouts of a year or two back are frequently of a vituperative nature. They exhort and denounce in one breath. Their appeal is far more emotional than intellectual. Personal allusions and recriminations are not infrequent, and the store management is regarded as the traditional enemy of the employee.

Gradually, however, a more intellectual and at the same time more conciliatory note has entered. As denunciations become of secondary importance or even disappear completely, the desire to cooperate with the store management is frequently voiced. The general tenor of the propaganda is that of an attempt to establish the fundamental good will and good faith of the union and to educate the employee to the theory and practice of unionism and in the principles of collective bargaining, rather than to incite him against his employers. The following excerpts from recent handouts are illustrative of this trend.

### *"Aims"*

A lot of us started our department store careers with high hopes of advancement and automatic betterment of wages and working conditions. All we had to do was to work hard and wait for the raises and other advantages which would be our logical due. And too, there was always the pleasant possibility that a handsome young man would marry us into the charmed circle of wealth and security. The story of our youthful struggles would make good telling around the roaring fire when we retired to our country estates.

We have come to the realization that security (which is all most people want) must be guaranteed by our own collective action. We are interested in the work we are doing. In many cases we have accepted it as our life work. Rightly so. It should and can be a work or profession with opportunities and security for all who are willing to give the most efficient service in the performance of their daily duties.

In the Union we have a solution which will bring self-respect and security in our jobs and greater efficiency in our work. It is not to be regarded as a means of fighting the employer. Nor is it a means of advancement by the old method of stepping on the next man's neck. The Union has possibilities that few of us have ever fully understood. By working in the Union we can insure a better life not only to ourselves, but also to our fellow workers and the workers who will follow. In Union we are pioneering a new standard of life and gainful work just as truly as the earlier Americans pioneered the successive frontiers of the United States.

*Uncle Union*

Uncle Union will answer all your questions and settle all your problems relating to the organization at The Blank Store.

Dear Uncle Union:

I have considered joining the union but I have refrained from doing so for fear that I would be fired for that reason. Is that possible?

Timid Timothy

Dear Timothy:

No. As American citizens we have the right to engage in union activity to better our working conditions. We cannot be fired for working in a union if we do our work without loss of efficiency. The Wagner Labor Act says so and so does the Neustein Doyle Act which applies to employees in the state of New York.

Uncle Union

Dear Uncle Union:

I have been active in the Union since it began but I can't see why the fellow next to me hasn't signed up yet. Why should I do all the work and have him reap the benefits of my activity?

Fretful Freddy

Dear Freddy:

None of us will reap any benefits if we don't all work together. The thing to do is show that fellow next to you why he must sign up and soon. If we don't work together as a solid strong group all our work will be wasted. Sign

him up and have him sign other people up—that's the only way our Union will be able to demonstrate its strength.

Uncle Union

Another fact that becomes apparent in an examination of union literature is that the standing of an individual store with the union is always relative. One of the most potent arguments in unionization propaganda is to compare conditions at the store or community in question with those elsewhere and to cite gains made in other organizations or localities. And if community boundaries loom large in their importance to retailers, they mean little to the union. Victories won in New York and San Francisco are used as encouragement in the Middle West, and there is no indication that the union believes that standards or circumstances vary from one place to another. The onset of unionization would seem to be a strong argument for retailers to cooperate. Reproduced below are some interesting cases in point. (This leaflet was distributed in the middle west. Besides the following message and the usual invitation to find out more about the union, it bore a picture of Donald Duck labelled "Easter Greetings".)

**UNION SIGNS CONTRACT WITH DEPARTMENT STORE** New Contract Brings Many Advantages. For the first time in Labor history, a contract has been signed with one of the largest department stores in New York City, Gimbel Bros., Inc., covering over two thousand employees.

More Money—Fewer Hours (This is followed by a brief statement of contract terms) Labor Board Makes Union Bargaining Agent . . .

1, 2, 3,—What Store Will be Next? The agreement is the third big victory to be won in the department store field. A closed-shop agreement was signed recently with Hearn's in New York City and Brooklyn and in December R. H. Macy's signed up with the Department Store Organizing Committee for 2,000 workers in the delivery warehouse and manufacturing departments of the firm. . . .

We can point proudly to our contracts with Hearn's Gimbel's and Macy's. These are of historic significance in that they are the first contracts covering the sales force in department stores. In all cases they have brought about hundreds of thousands of dollars in increased wages, shortened hours and job security.

The United Retail and Wholesale Employees of America in less than one year has grown to be the largest and most effective union for store employees. We in Blanktown, in

Local 8—, believe that similar growth can be recorded here. We therefore have started out with renewed faith and the strong conviction that every store in our city will be organized. IT WILL BE DONE—SO WHY NOT NOW? JOIN *YOUR* UNION TODAY.

Examination of the examples of such propaganda which have come to the attention of the Employee Relations Bureau, fails to substantiate the familiar vision of the union organizer as a sinister character armed to the teeth with seditious literature and inflammatory denunciations of an inoffensive employer. Union literature, in the department store field at least, is far less picturesque. The gamut of its emotions is comprised between humor and mild indignation, and the range of its text, often confined to intra-store gossip and grievances, never goes further afield than quotations from the Wagner Act. It gives no evidence of a concerted drive to unionize store employees on a national scale, but seems more like a response to unrest coming from within an individual store or community of stores. It tends to confirm the contention that the union does not attempt to make itself heard until it feels that working conditions or management policy have disposed employees to listen.



Readers are Invited to Comment, Agreeing or Disagreeing with the Suggestions Made, and Offering Their Own. They are also Invited to Submit Their Own Problems to Such an Open Forum. Identity Will Not be Disclosed.

# Personnel Work for New Plant

By THE EDITOR

I HAVE enjoyed reading *The Personnel Journal* very much since it started coming to me in December, 1937, and I very much enjoyed the contacts made during your convention at that time.

Recently I have become interested in a small company here, which is about to start up in the manufacture of a totally new product. Everyone is so busy that there is very little time to give thought to the problem of setting up a satisfactory personnel system, and I am afraid that the problem will take more time than the management is now planning for.

The company which I have in mind is going to make a product whose design probably will not change very much after it is finally drawn up, so that the product is a repetition product.

There are several things about which I should like to ask your assistance:"

## *Six Months*

1—How long should the company allow for setting up an adequate personnel system, assuming that not more than one hundred shop workers (male) will be taken on during the first year?

In order to set up an adequate personnel system, a personnel man should be retained to develop methods and policies concurrently with the retaining of production and engineering methods men. He should be on the job at least six months before you go into production.

During this time he would develop job specifications for pay and hiring; decide the best type of workers to hire, in terms of age, nationality, etc.; study the labor market in the city; find out prevailing rates of pay, (no easy matter at any time). He

will draw up a set of employment records, arrange for medical examination of applicants for jobs, for first aid rooms, and for medical service in illness and accident cases, and plan a safety program.

He will work with other men, who presumably will later manage the plant, in planning training of new workers; foreman training classes that will be necessary; developing the draft of a company labor policy; machinery for group representation of employees; and other matters such as discharges, vacations, seniority, attachment of employees' wages for debts contracted by them, etc. In brief he will do as thorough a job of planning as the engineering and methods men are doing, so that many of the innumerable headaches, due to matters that are bound to come up unexpectedly, may be avoided.

### *Personnel and Payroll*

2—*Since the manager of this department will have to be a part-time man, should he combine this job with the payroll end, or should he combine this job with shop managerial duties, where he can observe the effect of his methods of selection in a direct manner?*

Though we are heading into ten years of labor unrest worse than this country has ever seen, and though the hidden costs of plant inefficiency due to restriction of output, labor turnover, accidents, etc. probably average twenty percent of payroll, smaller companies have not yet come to realize that they need a full time competent personnel man. Where

should the part-time man be in the plant?

Theoretically, he perhaps should combine his personnel work with managerial duties. If he has a natural interest in people and their problems, and a facility in understanding them he might combine both jobs. But practically, with business set up as it is, managerial people are under pressure to produce immediate profits. The personnel viewpoint is supposed to be in terms of long time profits and is difficult to reconcile with this attitude.

For example, on a pickup of business the manager wants to hire more employees as fast as he can and get into production. The personnel man, on the other hand thinks of getting the best employees, who will require a minimum of training, looks forward to future possibilities of labor unrest, etc., and so wants to take time to carefully select new workers.

On a decline in business the manager wants to reduce his labor costs as fast as possible, so is anxious to layoff quickly. The personnel man would like to go slower, and plan out ways of retaining the best workers, or those whose family circumstances are the most difficult, so that employee goodwill will not suffer too much, and the company retain its good reputation in the community. Then when it comes to build up its payroll on a business pickup, good workers will come to be hired and rehired.

In short, we think there is an essential difference between the view-

point of management and of personnel men, arising mainly out of the timing factor. So that, for sound management, it is necessary for one to check and balance the other.

For this reason personnel duties, if they have to be combined, should be combined with some other staff function, such as payroll. The emphasis on the parts of the two way job should be reversed from what they usually are. The man should be primarily a personnel man, who does his payroll work as a chore. In too many small plants today the personnel work is the chore. That is why we find that most of the recent work of the National Labor Relations Board has been settling fights in strike-bound small plants.

It is highly desirable that a man should be full time on personnel work for six months after production starts.

#### *Statement for New Workers*

3 *Would you think it fair to tell the men as they are hired that they are more or less on trial for the first year? It is my thought here that it might work a hardship on a new company if too much in the way of union recognition had to be handled before the company had had the benefit of a year's operation so that it might be able to see "where it is going."*

No. A very carefully prepared statement covering this and similar matters should be worked out before anyone is hired. It should be ready for distribution to the men. As much as possible of it should be talked over with the men as soon as

they are hired, either singly or in group meetings. Apart from the details contained in it, it might well point out to the men that the company is courageous enough to invest its money and start up the business in these quite discouraging times; that the company would like the men, in fact invites them, to regard themselves as partners in the venture to make it a success; that the company intends to be fair in all matters, to pay prevailing rates (if that has been decided upon), etc.

Then the company should frankly admit that these are only Sunday school words unless implemented, and say that it would like to see set up machinery for a coöperative relationship with the men, by which they can express their views, and not merely be silent partners with no say in what goes on.

To do this the company might say they immediately will see and talk matters over with individual workers, or any groups that the employees might like to form, or with their present representatives if they are already members of unions. The company might say that it will not call upon representatives of the men until six months have passed, by which time they will have gotten to know each other better.

The reply to this question is made on the assumption that you are going to operate in a community in which there is little unionization as yet. If our information in this respect is wrong, and your industry is substantially organized in your com-

munity, it might be advisable to go over to union headquarters to see the basis upon which you can negotiate a closed shop agreement with them before you start operations. Part of their bargain with you would be their agreement not to oppose reasonable changes in piece rates, schedules, etc. which you may find it necessary to make as a balanced flow of work develops.

#### *Rules Right Away*

4—*Would it be advisable to try to draw up a set of factory regulations and safety rules before operations are started, or should be postponed to a later time?*

A set of factory rules and regulations regarding safety and other matters should certainly be drawn up ahead of time, subject to amendment as found necessary. These should be gone over very carefully with the new supervisors, and agreement arrived at, particularly as to disciplinary measures arising out of breach of rules. These should be as simple as possible, and not try to anticipate every difficulty. They might be made subject to review in six months. Each new employee should get a copy.

#### *Prevailing Rates of Pay*

5—*What is the best way to determine the scale of wages, on an hourly basis, that should be paid to the men when first starting out? Is it sufficient to pay prevailing wages in the locality?*

The personnel man should, after he has drawn up his job specifications

with the methods men, visit other plants in the neighborhood to find comparable jobs and job titles, and find the rates paid. These will probably be found to differ in different plants, so management will then have to decide whether to pay the highest, lowest or average found. Yes, but a fairly high floor or minimum wage rate for lowest paid jobs should be set.

#### *Piece Rates Immediately*

6—*Should piece rates be established immediately, or should a certain amount of time be allowed for the men to become adjusted to shop conditions?*

Yes. It would be best to take considerable trouble, using job specifications, motion studies, and the check on wage rates in the community for similar work, and to set up piece rates right from the start. These should be as fair as they can be made, but if there is a bias in any direction the rates should be on the tight side. You may have to make an allowance for a few weeks in the beginning while the men are getting used to conditions, that is while they are learning, but this should be clearly recognized by them as a learning allowance.

#### *Men Will Know Piece Rates*

7—*Should the men be told, when they are selected, that the company plans to establish fair and just piece rates as soon as operations indicate a balanced flow of work to the assembly department?*

No. As, presumably, the men you hire will have been employed in other plants before, they will be familiar with all the ways of dealing with piece rates. You would be liable, therefore, to find that the working pace they set before you establish your piece rates would be on the slow side, and you might have

difficulty in increasing the pace. If properly worked out, so that it is not taken as a sign of weakness, it is always much better for labor relations to set a reasonably tight rate that you may have to liberalize, rather than to set a liberal wage that you may have to tighten.

*Mr. E. D. Stotzel, Director of Industrial Relations for the Marathon Paper Mills, Rothschild, Wisconsin, has suggested that for the convenience of our readers each issue of the Personnel Journal should carry a cumulative index of articles in the current volume.*

*We are pleased to follow this suggestion, and commencing with this issue, we shall continue the practice throughout the entire volume.*

## CUMULATIVE INDEX

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# Bingham Talks for Philadelphia I. R. A

By Edward N. Hay

THE Committee on Psychological Methods, of the Industrial Relations Association of Philadelphia, planned the March 15th meeting for the benefit of about 150 members. The subject of the meeting was "Practical Experiences with Psychological Methods in Industrial Relations," and the discussion was directed by the Chairman of the Committee on Psychological Methods, Dr. Rexford B. Hersey of the University of Pennsylvania and Consulting Psychologist to the Pennsylvania Railroad. The object of the meeting was to review for the membership some aspects of psychological methods applied to industrial situations, such as selection, promotion, etc.

## *When Tests Are Used*

The main talk of the evening was given by Dr. Walter V. Bingham,— "When Tests Are Used." Dr. Bingham told of the assistance which the psychologist can give to a program of selection of workers for transfer to more suitable jobs from those jobs in which they are not working out satisfactorily. He told an interesting story of a diligent clerk in the New York City municipal service who was in the lowest classification. Apparently his talents were not suited to office routine. Three times he had taken an examination for promotion and had failed. He was superbly endowed physically and he had an

inclination for mechanical things. A Civil Service examiner asked him why he didn't try the next test for firemen. It was one which included a number of psychological sub-tests, including those for non-verbal, concrete, spatial items. He passed the test satisfactorily, was appointed fireman and is now content and better paid than formerly as a clerk.

## *Tested Bricklayer Gets Job*

Public employment offices have problems frequently in the identification of suitable skills among applicants. Dr. Bingham tells the story of an applicant at a public employment office seeking work as a bricklayer. He had not had work, however, for some time and there was no ready means of verifying his skill. The interviewer, not convinced of his competence, had been unwilling to risk the reputation of the employment service by referring him to a vacancy calling for a skilled workman. It so happened that this applicant came to the employment office just at a time when a set of newly-standardized oral trade tests had been received from Washington, prepared by the Occupational Research Program of the U. S. Public Employment Service. The interviewer thought this a good opportunity to try the test for bricklayers. To the interviewer's surprise, the applicant promptly responded with the correct technical

answer to almost every question. Supported by the confidence which such a performance gave, the interviewer no longer hesitated to refer this man to the next request for a skilled bricklayer, and he was accepted and proved satisfactory. Afterwards he was heard to remark, "I've been to lots of job agencies. This is the first time anybody asked me good questions."

Dr. Bingham is a strong advocate of follow-ups of the placement. In this way verification of the accuracy of tests in selection may be made. He stresses the need for testing centres to which people may go for expert analysis of their abilities.

Finally, Dr. Bingham stresses the need to share generously with others our knowledge of the nature and use of tests, pointing out that by this means the interchange of information may benefit all. More research is important also, he believes.

*Dr. R. S. Driver*

Dr. R. S. Driver, of the Atlantic Refining Company, emphasized the importance, in using tests, of making sure that a satisfactory index of job performance was established, and that any tests which are used for selection for that job could be shown statistically to have a satisfactory relation to the index of job performance. He also pointed out that

testing programs should be directed, and not a hit or miss matter.

*Dr. C. H. Smeltzer*

Dr. C. H. Smeltzer, Professor of Psychology of Temple University, followed with a talk on the development and use of tests in connection with public employment, based on his wide experience as a consultant to various public bodies. He remarked on the difficulty of constructing and validating on short notice a series of tests for a newly created public body. One of the advantages of a permanent civil service would be the ability to refine test methods and standardize the tests themselves, for which long periods of time are an important aid.

*Dr. Edward N. Westburgh*

The third talk was by Dr. Edward N. Westburgh, Chief of the Psychological Service of the Institute of the Pennsylvania Hospital. Dr. Westburgh commented from his experience in industrial consulting work on the importance of approaching the problem of selection or promotion from the standpoint of the "whole individual," not omitting consideration of the emotional side. He also urged a careful and sympathetic study of the "misfit" employee with a view to his suitable placement elsewhere in an organization.

# Book Reviews

## THE CASE FOR DEMOCRACY

By Ordway Tead. New York: Association Press, 1938. 120 pp. Price \$1.25

Reviewed by EDWARD N. HAY

We hear a great deal these days about the merits and benefits of democracy. Few of those who speak so feelingly in favor of democracy show much evidence of an understanding of its real nature. Ordway Tead is one of the real friends of true democracy and he makes a very good case for it.

Democracy, he believes, is not a benefit conferred upon mankind without price of effort. Genuine freedom is not merely for majorities but is for minorities also, something which seemingly many of us overlook.

The burdens that political democracy often has to bear in the form of corruption of its officials due to the pressure of business interests trying to get special favors for themselves, is discussed. Tead is disconcerted at the degree to which the corporation or business displays the qualities of an autocracy in the management of its affairs. The elaborate hierarchy of absentee stockholders and professional managers, as contrasted with the old practice of individual ownership, tends to place great power in the hands of a small number of officials. This results in the determination of all matters regarding working conditions as a prerogative of management.

Tead says that when we begin to think and act toward groups of individuals as though their interests were ends in themselves and not merely subordinate to the profit-making purpose of the organization, we are beginning to act democratically.

He points out, however, that the personnel manager is not the representative of the workers to the management but is basically acting from the standpoint of management itself.

Tead has much to say regarding organized labor. He says: "The practicable constituency which will begin to redeem business from autocratic domination by a few executives is the labor union." He believes that the independent union is a phenomenon of the transitional era and in any important sense is likely to disappear in a few years.

The last third of the book is devoted to a very involved discussion of planning on a national scale. This is the least effective part of the book and one in which Mr. Tead goes far afield into the realms of academic speculation. His attitude on public ownership is expressed, where, on page 75, he says that: "while there is no magic in public ownership as such, thoughtfully embarked upon it can be an essential development of democratic aims." He seems to feel



that in certain industries highly charged with the public welfare and public service, that government ownership is more effective and satisfactory than private management.

Perhaps he has the railroads and public utilities in mind. Altogether, Mr. Tead's book is stimulating and thoughtful and every true friend of democracy will want to read it.

#### PRIMARY MENTAL ABILITIES

By Dr. L. L. Thurstone. Chicago: University of Chicago Press, 1938. 121 pp. Price \$2.00

Reviewed by EDWARD N. HAY

In recent years there has been a great deal of energetic research in an effort to discover and measure unique human mental abilities. Dr. Thurstone is one who has carried on this search most vigorously. The theory of factor analysis was described in his book, "The Vectors of Mind," published three years ago. The present volume is a description of the first application that he has made of the theory outlined in his earlier book.

The experiment consisted of administering 56 tests to a group of 240 undergraduate students at the University of Chicago. The volume contains portions of each test, many of which are parts of tests that have been used in other situations. In building a battery of tests for practical use in estimating primary mental abilities, a few tests from the experimental battery have been selected for each primary.

Seven factors and two additional tentative factors have been identified. Dr. Thurstone's study contains a large amount of descriptive and mathematical work, which serves to give an excellent idea of how he has attacked the problem. There is interesting comment on the profiles of the nine factors as compared with the vocational preferences of the subjects. Dr. Thurstone reports that they have not found in their work the general factor of Spearman, although he remarked that his methods do not preclude it. His remark that "This study has revealed more problems than it has answered" is typical of Dr. Thurstone's unremitting research for the last ounce of truth in whatever problem is before him.

"Primary Mental Abilities" is interesting in itself, but even more so in its promise.

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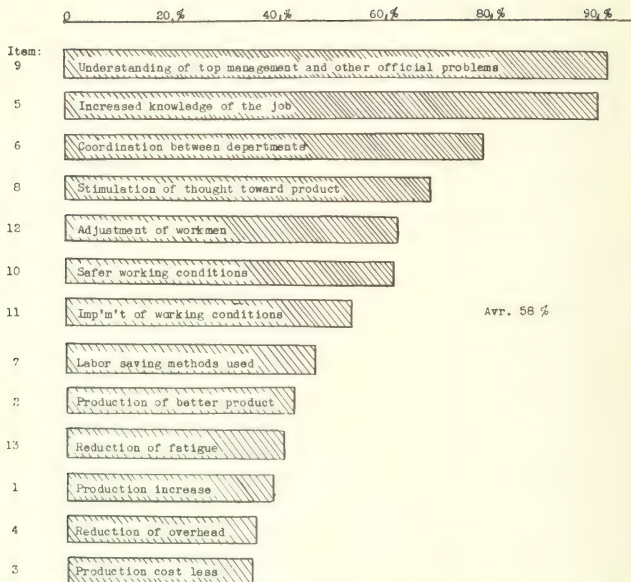
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What Foremen Learn in Training Conferences, and Are Able to Apply in Their Daily Work

*See opposite page*

The Great Modern Emphasis on and Importance of Labor Relations and the Economic Necessity of Increasing Worker Productivity to Compensate for Increased Wage Rates Ought to be Reflected in the Results of Foreman Training Conferences.

# What Foremen Learn *in* Conferences

By R. J. GREENLY and LYLE TUSSING

Purdue University, Lafayette, Ind.

A BETTER understanding of top management and its problems, improved coördination between departments, stimulation of thought about company products and an increased knowledge of the job are the four most important matters that foremen learn from supervisory training conferences, and are able to use in their daily work.

To a lesser, but still substantial extent, foremen say that as a direct result of their training they improved their relations with workers through a better understanding and adjustment of individual workmen, learnt how to provide safer working conditions, better lighting, toilet facilities, etc., and to some extent were able to introduce labor saving methods.

The matters on which they say they received least aid from their training, or were least able to apply what they learned, were ways of reducing production costs, reducing overhead, increasing production, reducing the fatigue of workers, and improving quality of product.

These, in brief, are the findings from an intensive study of the results of foreman training recently completed by the Department of Trades and Industries of Purdue University. Nearly 500 foremen and supervisors coöperated in the study.

It was the purpose of this study to measure the judgments or attitudes of foremen toward the results of their training conferences; to help industry determine whether these meetings are worth while; the extent to which

an investment should be made to maintain them, and the results which can reasonably be expected from them.

### *Check Value of Training*

Many industries are holding weekly meetings for foremen and supervisors throughout their plants. Are these meetings resulting in profit for the company, and in what way? If a five thousand dollar piece of machinery is put into a plant, the change in the immediate output can be evaluated and the betterment of the product determined. Though the results of supervisory training programs are less pronounced, and harder to evaluate, they can be measured by systematized procedure.

Evaluating these conferences is necessary: first, so that the company can see what it is getting for its investment in training, and second, so that parts of the program can be modified or strengthened as found necessary. Heretofore, conferences were held with the company knowing neither the benefits nor harmful effects which may have resulted. The conference leader has carried on not knowing whether the information retained by foremen has been helpful or whether it has resulted in nothing of value. But the conference leader needs help in appraising what has been accomplished so as to alter and determine the objectives for future training programs, so that conference material does not become stagnated nor vary too greatly from

the practical needs of those participating.

For this purpose the form shown opposite was distributed to foremen who had attended conferences, and they were asked to check the percentage of improvement in their departments, in the thirteen items listed, which they estimated had resulted from their attendance at these training meetings.

### *Production, Coöperation, Adjustment*

The items were so arranged that the first four dealt with company interests, and indirectly were to chart the dollars and cents return on the investment in training conferences. Items five to nine were to determine if the conferences increase smoothness of operation, which if really present is retro-active and ultimately leads to an increase of profits. In items nine to thirteen, the worker's better adjustment to his surroundings as a result of the conferences was evaluated. From a psychological basis, this is important, but from a company profit standpoint shows returns only through savings of accidents, low labor turnover, etc., which industry realizes as significant items of indirect expense.

In analyzing the responses of the foremen closely, we find that about three-fourths of all the men going to conferences indicate that they have made greatest improvement in (see chart, p. 80):

1. Understanding of top-management and other official's problems.

2. Increased knowledge of their job.
3. Coordination between departments.
4. Stimulation of thought toward product.

If we consider these items carefully keeping background in mind, it can be readily understood why they

ever, he learns the difficulties and problems of management, why production is planned as it is, the factors that enter into costs, the inter-relationship of different sections, and generally obtains a wide area of

#### MEASURING RESULTS OF FOREMEN CONFERENCES

Think carefully and estimate the amount of improvement which has been made by your department because of foremen conferences.

Check (✓) in one of the ten spaces for each item on the scale

	Re- sulted	No im- prove- ment	1/10 of 1 <sup>st</sup> improve- ment	1/10 to 1 <sup>st</sup> 2 <sup>nd</sup>	1 <sup>st</sup> to 2 <sup>nd</sup> 3 <sup>rd</sup>	2 <sup>nd</sup> to 3 <sup>rd</sup> 4 <sup>th</sup>	3 <sup>rd</sup> to 4 <sup>th</sup> 5 <sup>th</sup>	4 <sup>th</sup> to 5 <sup>th</sup> 6 <sup>th</sup>	5 <sup>th</sup> to 6 <sup>th</sup> 7 <sup>th</sup>	6 <sup>th</sup> to 7 <sup>th</sup> 8 <sup>th</sup>	7 <sup>th</sup> to 8 <sup>th</sup> 9 <sup>th</sup>	Greater than 10 <sup>th</sup>
R		10	1 of 1	1-1	1-2	2-3	3-5	5-7	7-10	10-12	12-15	15-20
1. Production increase.....												
2. Production of better product.....												
3. Production of the product for less money.....												
4. Reduction of overhead.....												
5. Increase knowledge of your job.....												
6. Coordination between departments.....												
7. Labor saving methods put into practice.....												
8. Stimulation of thought toward product.....												
9. Understanding of top management and other official problems.....												
10. Safer working conditions.....												
11. Improvement of working conditions (lights, toilets, etc.).....												
12. Adjustment of workmen.....												
13. Reduction of fatigue of worker.....												
14. From the company standpoint do you think the foremen conferences should be continued? (Encircle one).....									Yes	No		
15. If so, how many times a month should these meetings be held? (Encircle one).....									1	2	3	4
16. The value you believe the company receives per month from these conferences is about.....												
		\$0	\$50	\$100	\$200	\$300	\$500	\$1,000	\$1,500	\$2,000	\$2,500	\$3,000
17. What one thing has been improved in your department due to these conferences? State briefly.....												

should show the largest amount of improvement. The foreman has advanced from the bench, the lathe or the machine to his present position. He has had the worker's attitude and point of view.

In the training conferences, how-

knowledge such as a management representative must have.

In other words the training program is shown to have materially aided foremen to line up as management men, and it is evident that they have appreciated the opportunity to

learn management's side through these conferences.

### *Plans Made By Others*

Half of the foremen attending the conferences indicate about a 5% improvement has been made regarding better understanding of the workman and means of adjusting his environment. The reason for less improvement here might be due to the foreman not having complete responsibility in this field. The control may be under other divisions of management, such as, safety, methods, engineering, and personnel departments or perhaps conferences do not stress these phases as much as some others. However, the fact remains that a 5% improvement by half the foremen is such a significant amount that it can not be considered too lightly.

One-third felt that the company had benefited by:

1. Production increase.
2. Production betterment.
3. Production cost decrease.

These are really the direct money savers for the company. Though the prime aim of all management and personnel methods is the reduction of expense, and increase of output, foremen conferences apparently should not be expected to produce too much in the way of direct results along these lines. Here again the foreman has little control and is in a large measure merely the administrator of plans made by engineering or other top-management staffs.

Management might desire increased production or improved product but should not feel that by having conferences these will be the immediate outcome. Nor, is it the belief of the authors that the best results will be obtained by bluntly pushing a square flat issue of "cost" and "better product." From past experience it has been found that subtle suggestion and indirect stimuli produce greater results in the long run.

### *Strengthen Weak Spots*

It is perhaps well to take into consideration the foreman as an individual. His present status and background give some index as to the extent to which he can be trained and educated effectively. It must be realized that the foreman's conference is not made up of the same calibre of men as those forming the board of director's meeting. Nor can the same problems be met or the solutions evolved from these meetings be the same.

Nevertheless we do feel that the results of this survey show the need of strengthening the weaker parts of these training programs. Admitting the need of giving the foreman a broad management point of view, he still needs much information as to ways of dealing with specific aspects of his work.

The great modern emphasis and importance of labor relations and the economic necessity of increasing worker productivity to compensate for increased wage rates certainly ought to have been reflected more in

the results of these foreman training conferences.

It is suggested therefore that training directors should periodically audit the results of their programs, and if these are found to be weaker in some spots than in others, adjust-

provement made from the conferences. As improvement was the characteristic sought for, the small increment of one half of one per cent was used in order to allow for the determination of reasonably small increments in the beneficial results

TABLE I  
PERCENT OF IMPROVEMENT DUE TO FOREMAN CONFERENCES

	Increment of Improvement and Number Checking Each								Total	% of checks each class
	0 to 1	1 to 2	2 to 3	3 to 4	4 to 5	5 to 6	6 to 7	7 to 8		
1. Production increase	43	31	35	29	17	20	13	10	198	5.3
2. Production of better product....	41	26	41	33	36	17	15	25	234	6.3
3. Production of product for less money	36	39	23	27	21	13	7	10	176	4.7
4. Reduction of overhead.....	39	21	21	17	18	22	13	29	185	4.8
5. Increase knowledge of your job	100	15	32	31	58	50	57	185	441	11.8
6. Coordination between departments	21	25	25	44	50	45	57	124	391	10.5
7. Labor saving methods put into practice.....	38	39	25	34	19	21	19	22	217	5.8
8. Stimulation of thought toward product.....	18	22	30	25	45	48	57	97	342	9.2
9. Understanding of top management and other official problems	100	13	24	30	44	48	67	209	445	11.9
10. Safer working conditions.....	33	33	25	29	55	39	32	63	309	8.3
11. Improvement of working conditions, lights, toilets, etc.....	31	26	32	33	36	23	3	59	270	7.2
12. Adjustment of workmen	21	26	36	33	48	32	38	86	314	8.4
13. Reduction of fatigue of worker...	44	18	32	26	31	19	14	24	208	5.6
Total.....	385	328	381	391	478	397	419	946	3,725	99.8
Percent of checks in each column	10.3	8.8	10.2	10.5	12.8	10.7	11.3	25.4	100.0	

ments and modifications should be worked out in consultation with operating and industrial relations departments.

#### *Technical Aspects of Survey*

In constructing a scale it was necessary to measure judgment of both the retardation and the im-

provement made from the conferences. In order to cover a rather large area of improvement in a small space, unequal categories were used.

The rating, although subjective, is arrived at by men who have made daily estimates of the different phases of their jobs; and, no doubt, at least partly as a result of the previous



number of their correct judgments, the company has placed them in their present responsible positions. Thus, from the managerial viewpoint, the opinions measured by this scale are reliable (other things being equal) in proportion to the reliability of the supervisors themselves, since these men are presumably the best estimators the company could choose.

The results from five divisions and a total of 491 foremen and supervisors were obtained from places where conferences were being held. The raters pretty well agree (485 to 6) that the conference should be held. In regard to the frequency of the meetings, the men favor a weekly meeting, giving as their second choice, a meeting every two weeks.

The value received by the company interpreted in dollars, as judged by the foremen, seemed to vary considerably. Many did not answer, but from the 246 answering, the range was from 0 to \$2000, with an average of \$1308 per month. This wide range may be due to a variation of value received by different individuals as a result of the meetings, or it may be the uncertainty of the judgments.

#### *Statistics and Correlations*

The spread of the amount of improvement for each item and the total number of foremen checking the entries can be seen in Table 1 (p. 85). The per cent column gives the per cent of the total checks given to each phase of the improve-

ment. The total number checking in each increment and the per cent that increment is of the whole is also recorded. It might be said at this time that there were only ten checks in the "Retarded" column. Many did not check in the "No improvement" column, but left the items blank. This might be interpreted in one of three ways: either there was no improvement, or the men were unable to evaluate it definitely enough to make an estimate, or they simply did not wish to make an estimate. In the table only the improvement checks are recorded.

The ranking of the items was used to compute the rank correlations of the different divisions. These correlations are relatively high ( $r$  of  $.75 \pm .086$  P.E. to  $.97 \pm .012$ ). This tends to point out that the items of improvement as judged by one group will also be the items of improvement as judged by another group. For example, group B, which is the engineering division, seems to correlate relatively high ( $r$  of  $.78 \pm .072$  to  $.95 \pm .018$ ) with the rest which are production divisions, thus indicating that they had made improvement in approximately the same things as the other divisions.

It is interesting to note that the items having the largest number of people checking also have the highest percentage of improvement. The correlation is  $.94 \pm .02$ .

When the scale was constructed, it was believed that if one-half of one per cent improvement would be indi-

cated by one-fourth of the foremen and supervisors on a few items, the conferences would be worthy of consideration by industry. The results proved much more satisfactory than had been expected. Interpretation of the results show that the foremen now attending conferences are in favor of continuing these meetings. The greatest number support the plan of holding a meeting every week. The average judgment of the value the company received from the foremen conference was \$1308 per month. The foremen's judgment on the improvement of their department, because of the conference, was that better coöperation, adjustment, and production resulted.

#### *Value of Such Research*

The points in favor of this rating sheet and its use are briefly:

1. It estimates not only the judgments concerning the value of the conference in dollars and cents, but also the amount of improvement believed to have resulted in different

phases of industrial operation as a consequence of this program.

2. The efficiency of the conference is set forth in the specific examples of what has been accomplished due to these meetings. The company is able to obtain information on the number of foremen who judge that they are being benefited, and the point or points at which they feel they have been helped. The company is also shown definite ways in which the foremen have been able to apply knowledge gained from the conference meetings.

3. In addition to measuring the practical values of the meetings which are received by the individual foreman, the conference leader is also given an opportunity to view the benefits which have been obtained from the material covered by the conference. Thus, he is able to plan programs dealing with various subjects in forthcoming conferences so that the meetings may continue to be of interest and benefit to the greatest number of foremen involved.

In Australia Courts have Held that Wages Should be Based on a Man's Ability to Support a Wife and Two Children on What He Receives. In America it is Generally Held that a Man Should be Paid for What He Does.

## Pointers *on* Pay Plans

By EDWARD N. HAY

Pennsylvania Company,  
Philadelphia, Pa.

PRACTICAL answers to twenty-two questions, dealing with ways of deciding how much pay each job in an office or factory is worth to the company, were given by an eight man panel at a recent meeting held under the auspices of the National Industrial Conference Board.

Members of the panel were Edward N. Hay, Pennsylvania Co. (Chairman), Harold V. Bergen, McKinsey Wellington & Co., S. L. H. Burk, Atlantic Refining Co., W. F. Cook, Kimberly Clark Corp., C. R. Dooley, Socony-Vacuum Oil Co., Waldo E. Fisher, University of Pennsylvania, A. F. Kindall, General Foods Corp., and D. W. Weed, General Electric Co.

The Chairman pointed out that a good plan of wage and salary administration involves four factors: a full and detailed description of all the work involved in each job, and the mental and physical qualities called for by the job; a classification or ranking of jobs on a comparative basis; deciding the wage or salary to be paid for each grade of job, by comparing the difficulty of the job with existing pay for it in the company and in other local companies in the industry; finding out how well each employee does his job, in the light of what the job calls for, and paying him accordingly.

Questions were then put, discussed, and the following answers arrived at:

### *Advise Systematic Plan*

(1) *Assuming that in setting up a plan of wage and salary administration it is desired to leave the total payroll unchanged, is it not sufficient to take the consensus of opinion of all employees now on the job, and so avoid the expense of an involved analysis by other persons?*

Members of the panel agreed without difficulty that in a company of any size it is impossible to arrive at satisfactory pay values merely by discussion among employees. The principal difficulty comes in getting an agreement between different departments as to the relative value of jobs in those departments. The untrained judgment of employees is not sufficiently practiced in such comparisons to provide a satisfactory basis for salary evaluation. Another important reason why the panel felt that some form of procedure is necessary in salary and wage determination is the employee relations angle. It is necessary for employee confidence and good will to have some thoroughly systematic way of getting at wage value which appeals to their sense of reason and justice.

(2) *Some critics of salary evaluation contend that the work is not worthwhile because every time a worker is changed, the job changes.*

The committee did not waste much time on this question, it being generally agreed that there is no need for a change in job description merely because an employee is shifted to another position and a new one appointed. Of course, whenever a change is made in the job it is neces-

sary to re-write the job description and perhaps place a new value on it. In the outline of the Chairman, it was made clear that the two factors determining the pay of an individual are, first; the value of the job he holds and second; the efficiency with which the worker performs the duties of that job. Changing the worker on the job may affect the second phase but not the first.

### *Everybody Should Take Part*

(3) *There is a difference of opinion as to who should do the work of salary evaluation. Some contend that it should be done by a technical department such as Personnel, and others believe it should be done by operating officials.*

Members of the panel generally agreed that the actual detailed work of job analysis and salary evaluation should be done by a unit set up for the purpose, whether it be an adjunct of Personnel or not. However, the participation of all members of the organization in the work was considered essential. Mr. Cook described how at Kimberly-Clark Corporation joint committees of workers and management passed on the evaluations for the various departments. This method tended to give employees confidence in the integrity of the work that was done. But it was cumbersome at times, and a slow process.

At the Atlantic Refining Company a committee consisting of five job analysts and five operating executives reached the final decision on all position evaluations. Tentative

evaluations were submitted to all departments for their criticism and comment, and adjustments were made on the basis of those criticisms. It is not so important as to who does the technical detail as it is that support and participation of the whole organization be secured.

#### *Workers Should Aid*

(4) *To what extent can formal salary plans be used when dealing with organized labor?*

Nearly all companies represented on the panel have to deal with organized labor in their salary and wage evaluation work. The consensus of opinion was that if approached properly there is no reason why organized labor cannot be brought into the salary and wage determination problem in a way mutually agreed upon.

(5) *Should representatives of employees participate in the installation of wage and salary plans?*

Here, too, the answer was in the affirmative, although the experience of some companies proved that it was very difficult to have representatives of employees participate directly in the actual determination of wage and salary values. It was felt that the most satisfactory way is to have the work done by technical experts, criticized by the department heads and by employee committees, and then put into effect. In all cases individual employees must be permitted directly, or through their spokesman, to question the soundness of individual wage values.

At the Atlantic Refining Company,

for example, employees and their representatives frequently question the correctness of a wage and argue in favor of a higher wage by reference to the details of the method of evaluation by which the wage was first arrived at. In other words, employees are familiar with the technique of wage determination and use it as a basis for their argument for higher wages for individual jobs. It has been the experience of the Atlantic Refining Company that this increases the confidence of the men in the fairness of the method.

#### *Written Record Advisable*

(6) *Is it an advantage to have a written record of the facts on which the salary or wage value of a job is based?*

The panel agreed that it was an advantage. Different methods used by members of the panel, however, brought differences of opinion. Those who use "point methods" or the scheme of job comparison as used by the Atlantic Refining Company argued that these methods provided a written record of the basis on which the salary or wage value was arrived at, whereas simple methods of overall job ranking do not leave any written record. Those who spoke in favor of the written record seemed to have the best of the argument.

(7) *Are detailed job specifications essential or is a simple description of the job sufficient?*

Most members of the panel were in favor of a detailed and complete job

description. Too informal and simple descriptions were considered unsatisfactory because they do not permit judging jobs without an examination of the work itself, whereas a good detailed description usually makes that step unnecessary. A written job description is also valuable in calling attention to unsatisfactory operating methods and as a specification for employment and promotion.

(8) *Is it necessary to keep job specifications up to date?*

There was no dissent from the belief that it is necessary to keep jobs specifications up to date and that as a job changes a new specification and evaluation is necessary. No wage plan can be set up and then allowed to drift. It must be attended to and revised continuously.

#### *Simple Plans Unsatisfactory*

(9) *Are not simple "job grading" or "job classification" plans adequate? What merit justifies complicated methods that break jobs up into elements and employs points for distinguishing degrees of those elements?*

Some members of the panel felt that a simple method of ranking jobs and then assigning them to appropriate salary grades is quite sufficient. Those who have used a point method, or job comparison, were strongly of the opinion that these methods have great advantages and that their seeming complication is more apparent than real. They asserted with enthusiasm that these methods made job evaluation more accurate.

One of the disadvantages of job ranking is that while it is not difficult to determine the rank of one position in a department, when it comes to bringing together into a common salary or wage class various positions in different departments, there is no basis for equating unlike jobs in two departments. The technical details of each job may be wholly unlike and the duties entirely different. With no point at which there is a likeness between the two jobs there is nothing upon which to fasten to make a direct comparison. On the other hand methods which depend for comparison of one job with another upon breaking up each job into its basic elements, make it possible to compare jobs on the basis of common elements.

A typical division or breakdown of jobs is one in which every job is considered under five headings; mental effort, skill, physical effort, responsibility, and working conditions. Most of the methods in which the job is broken up use all or some of these five elements, and their proponents argue that they permit comparison of two very unlike jobs on the basis of the elements common to both.

#### *Workers Do Understand*

(10) *It is often said that the point system of job evaluation is too complicated for workers to understand. Is this true?*

Mr. Burk of the Atlantic Refining Company answered this question by describing how employees argue with the job analyst about the rating of

their jobs, using all details of the evaluation method, showing clearly that they understand the method and its use. Some members of the panel felt that a good many incentive methods in common use are much more difficult for workers to understand than even the most complicated method of job evaluation.

(11) *Some critics of the point method of salary and wage evaluation, contending that it is impossible to arrive at a sound method of selecting the various qualities that are to be valued and of weighting each one, say that any such scheme is merely guesswork and cannot be justified.*

The proof of the pudding is in the eating. Admitting the difficulty of estimating the various qualities that are common to jobs and the representative weights of each, it seems to be clear that this problem has been solved satisfactorily. Evaluations are arrived at by consensus of opinion of a number of supervisors, in some cases as many as ten. The individual deviations of any one man are adequately compensated in the average of all ten, and the final result is usually found to be quite satisfactory. After all, these methods of evaluation are not merely guesswork, for they represent group judgment of responsible supervisors systematically arrived at. Reducing all jobs to common elements, such as mental effort, skill, etc. makes comparison between them relatively simple.

(12) *How can we be sure that a new plan of wage and salary administration will not result in a substantial increase in total payroll?*

An essential step in all job evalua-

tion is to make an exact comparison job by job of the effect of the new rating on payroll. Thus the net effect on total payroll is easily determined. Furthermore, simple graphic presentations can be made to show the effect on the entire payroll and make it possible to control this feature. Payroll can be increased or decreased by a flat percentage or can be increased at the low end of the wage scale and not at the high or vice versa.

#### *Points as Cents*

(13) *If "points" are used, is there any simple way of relating the job value in points to the present wage scale and if so, how is it done?*

In the method of job comparison originally devised by Eugene Bengé, now of the U. S. Gypsum Company, and used by the Atlantic Refining Company, points are arrived at by calling the wages in cents per hour a corresponding number of points. Then each point equals a cent per hour. Subsequently if wages are raised, say 5%, then the point value for each job is multiplied by a factor of 1.05 in order to arrive at the cents per hour wage value of that position. In the same manner subsequent increases or decreases in the wage level can be incorporated into the factor thus making it possible to translate points into cents per hour very readily.

(14) *Should there be a definite relationship between the salary structure and the hourly wage structure?*

There need not be any connection between salary structure and hourly



wage structure, in the opinion of most members of the panel. In setting up wage and salary values the two types of jobs are usually treated separately. This makes it possible to increase pay in one group without a corresponding increase in the other. Thus if both are originally on the same basis, and subsequently a wage increase is awarded only to hourly rate men, then a factor may be used for them that is not used for salaried workers, and which will express the differences in pay level between the two. Collective bargaining often makes it impossible to keep salaried and hourly rates in constant relationship, however desirable this may be on general grounds.

(15) *Can a wage plan developed in one territory be applied in another where the wage level is different?*

In a method using points, a factor is used to multiply the point value in order to arrive at cents per hour or dollars per month. This factor can differ for different localities in accordance with the wage level there. In methods not using points, a similar factor can be applied to bring the wage or salary values for each group of jobs in line with the wage level in that locality. Thus if the wages in one locality are 5% lower than in another, then the multiplying factor for translating points into cents per hour will be .95 for each wage or salaried group.

#### *Lift To Minimum At Once*

(16) *After all positions have been evaluated, it is usually found that there*

*are many positions below the new minimum and many others above the maximum. Some companies contend that these should not be disturbed; others insist upon prompt adjustment. What are the advantages of either practice?*

Most companies feel that it is wisest to bring up to the minimum at once all those positions which are found to be paid less than the new minimum values arrived at. There is not uniform agreement on the wisdom of cutting down to the maximum all persons whose salaries are found to be in excess of the maximum of the new values. In many cases it is impossible to avoid direct cuts.

In one instance the difficulty was overcome owing to the fact that a wage increase was about to be made, and was applied to all positions except those already receiving more than the maximum, this having been arranged by agreement with representatives of employees. Most companies attempt by transfer or otherwise to eliminate all discrepancies on the high side. One instance was mentioned in which high salaries were brought down by individual adjustment and transfer. In another case financial conditions were such that it was necessary to reduce all excess salaries immediately down to a level not exceeding the maximum. The disadvantages of this action are obvious, but at times it has to be resorted to.

(17) *After fixing the wage and salary structure, can it be changed to meet changing market conditions?*

By any of the methods discussed, it is possible to make adjustments,



especially as described under answers to questions 14 and 15.

(18) *Should an employee be informed of the salary minimum and maximum that apply to the position which he holds?*

Experience differed on this point. In most companies no announcement whatever is made and it is left to the individual to find out what his own salary or wage might be. This is more troublesome in salaried positions than in hourly paid jobs where everyone knows at least his own job value. In the case of salaried positions it is usually felt best to make no broadcast announcement but to permit each employee upon inquiry to learn the minimum and maximum values for his position. One company, however, has for several years made a public announcement of the minimum and maximum salary values of all positions in the organization.

#### *Easy Industry Comparisons*

(19) *Can satisfactory wage and salary comparisons with other companies be made by comparing salaries paid for similar jobs?*

Wage and salary comparisons can be made on the basis of careful detailed job descriptions. In a method using points, it is possible to go into another company, evaluate a series of standard positions that are found to be alike in both companies and draw a line through these position values. This will indicate the difference in wage levels between the two. This difference is in the whole wage structure rather than in individual positions but is a fairly satisfactory

method of indicating the relative height of salary or wage levels in the two organizations.

(20) *Should plans provide for automatic raising or lowering of wages in accordance with changes in cost of living?*

Most members of the panel felt it unwise to have an agreement that commits the company to an automatic adjustment in the event of changes in living costs. It was felt better to take this into account when necessary by discussion and arbitration rather than to have cost of living changes cause automatic changes in the wage level.

#### *Salary Adjustments*

(21) *Should all salary adjustments be arranged by the Personnel Department or should operating executives participate, or both?*

Practices differ in this respect. It is not much of a problem in the case of hourly paid employees. For salaried employees most members of the panel thought that it is best to have each department make recommendations at the time of salary review to the Personnel Department which will review them in the light of this information. These recommendations should then go, with comments by Personnel, to a salary committee for final action. Generally it was felt that departments concerned and Personnel should participate in discussions regarding salary changes but that final decisions should be made by a salary committee comprised of senior officials.

(22) *Should salary be reviewed an-*

nually on the date of anniversary of employment, or on some other basis?

Every conceivable method seems to be in vogue for reviewing salaries. One organization reviews salaries annually, another semi-annually, still another on the anniversary of the date of employment of each employee. Annual and semi-annual reviews have the advantage of bringing all salary increases under scrutiny at one time so that it is possible to determine how much the total pay-

roll is to be affected. This facilitates cost control, but it has the disadvantage of focusing all employees' attention on salary changes at the same time of the year.

Review on the anniversary of employment avoids this problem. Another advantage is that the burden of review is distributed uniformly throughout the year, whereas the annual or semi-annual review produces periodic severe strains especially on the Personnel Department.

#### LIST OF REFERENCES

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The President has Said "All Government Employees should Realize that the Process of Collective Bargaining, as Usually Understood, Cannot be Transplanted into the Public Service."

# Employee Relations *in* Federal Service

By PRESLEY W. MELTON,  
Fairfax, Virginia

RECENTLY, the Director of Research, U. S. Civil Service Commission, arranged for a group of personnel officers from industry to meet with personnel officers of Government agencies, for the purpose of discussing matters of mutual concern. At the end of the conference, the participants expressed general satisfaction with the results that came from the exchange of ideas.

Most of the time was devoted to the discussion of special phases of personnel administration—employment, job classification, and so on—by committees interested in various aspects of the general field.

When they took up policies and the organization of a personnel office, they were on common ground, for wherever the relationship of super-

visor and subordinate exists, there exists also an opportunity to apply the fundamental principles of personnel administration. Any large organization needs, for efficient operation, functional offices responsible for employing properly-qualified men and women; for increasing the efficiency of employees by effective programs of training and promotion; for classifying jobs; and for building up and maintaining the morale and health of employees.

Probably, if the chief of the Department of Agriculture's safety division should exchange jobs with the safety engineer of a large utility or construction company, each would find techniques in use much like his own. A comparison of outstanding training and educational programs in

industry with those of the Department of State or the U. S. Public Health Service would show that they have much in common. The health and medical service of the Home State Mining Company and the Panama Canal are comparable. There are other phases of personnel procedure common to industry and Government.

### *Legal Status of Employees*

On the other hand, an analysis of the employee relations procedure of industrial concerns, would be of relatively little value to the personnel officers of Government agencies. The employee relations programs of industry must be adjusted to comply with laws administered by the National Labor Relations Board, the Department of Labor, the Social Security Board, and other Federal and State control agencies. None of these regulatory bodies has jurisdiction over Government personnel.

Executive departments are subject to laws administered by the Civil Service Commission, the Comptroller General, and the U. S. Employees' Compensation Commission. These three agencies have no control over industry, except that the Compensation Commission has jurisdiction over District of Columbia residents and longshoremen.

The primary divergence between the personnel procedure of the public and private agency grows out of this variation in the legal status of employees. Differences are most apparent where ethical obligations and

privileges of employee, employer, and management tend to congeal into legal rights.

At one time there were laws essentially forbidding Government employees to join labor unions. However, in 1912, the Lloyd-La Follette Act gave Government employees the right to belong to organizations which did not impose "an obligation or duty on them to engage in any strike. . . against the United States." There are now about 250,000 Government employees who hold cards in American Federation of Labor unions, according to A. F. of L. figures. Many of these, of course, are employed in the mechanical trades, organized in international unions of craftsmen. The C. I. O. estimates its membership among Federal Government employees at 30,000. Another National Federation of Government Employees, one that has no affiliation with industrial unions, has almost 100,000 members. There are other organizations whose membership is not known.

### *Everyone Someone's Boss*

The personnel officer from industry would readjust many of his concepts of the relations between unions and management if he joined the personnel staff of a Federal department. Let me illustrate the point with two Government bureaus. The Bureau of Public Roads has about 3,000 employees, a considerable percentage of whom are members of a thriving federation affiliated with the American Federation of Labor. It is

scarcely a labor union in the usually accepted meaning of the term. The Bureau of Public Roads supervises the building of highways where some 150,000 skilled and unskilled laborers are employed, but most of these laborers are employed by contractors, not by the Bureau of Public Roads.

The personnel of the Bureau of Public Roads is made up almost entirely of highway engineers, laboratory assistants, and clerical workers, with the necessary complement of supervisors and executives, all of whom are eligible for membership in the organization affiliated with the American Federation of Labor. Obviously, the Bureau's employee relations problems are different from those of a factory or other industrial establishment with a union whose members are skilled or unskilled laborers.

In the departmental service in Washington, and to a lesser extent in the field service, the Government employees' work is of such a nature that it is difficult to draw a line between supervisory and non-supervisory employees. Everybody, practically, is somebody's boss. This is a circumstance that results in an unusual type of personnel set-up and a special type of unionism.

#### *Executives in Union*

The second bureau, the Forest Service, has about twice as many employees as the Bureau of Public Roads. Although the Forest Service employs directly more skilled laborers than the Bureau of Public Roads, most of the labor in the na-

tional forests is provided by 100,000 husky young men who are not on the pay roll of the Forest Service at all. They are enrollees of CCC camps under the jurisdiction of army officers.

The bureau has a personnel staff of perhaps sixty persons, including an employee relations officer, and their activities are as varied as those of the industrial relations staff of a large privately-owned utility. The Forest Service has in Washington an active section of the National Federation of Government Employees. This employee organization has a memorandum of understanding with the Chief Forester to work out "mutually satisfactory solutions of employee problems."

The employee elected, as head of the committee set up to handle grievances, is an executive comparable to an assistant sales manager. In another Federal bureau the personnel director was for some years president of the A. F. L. employees union.

#### *No Wage Bargaining*

A labor relations officer of private industry, speaking before a group of personnel officers of public agencies, said he had found that most collective bargaining between management and employees is about wages or hours of work, with working conditions perhaps third. His speech emphasized the difference between the operation of personnel offices in private and public agencies. The President has said in a letter to the head of a national federation of

Government employees that "all Government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public service."

Wages and hours of Federal workers are for the most part not subjects for collective bargaining, being beyond the control of heads of executive departments. They may be set specifically by statute; by job classification, fixing salary scales; by wage boards, involving collective bargaining with mechanical employees in navy yards, and similar agencies.

Administrative enforcement agencies are the General Accounting Office and the Civil Service Commission. Federal and state boards, established to enforce wage-and-hour legislation affecting industry, have no jurisdiction over executive departments and independent agencies of the Federal Government.

When other measures fail to settle controversies between management and employees of industry, employees may strike. Conciliators from the Department of Labor may be invited to help work out a solution. These conciliators are not called in to help settle a strike of Government employees, because Government employees do not strike.

#### *Conciliation Growing*

It is inconceivable that the employees of a Government agency exercising purely governmental functions—say, the inspectors of the Food and Drug Administration or the meat inspec-

tors of the Bureau of Animal Industry who are responsible for safeguarding continuously the health of the public—would ever strike under any conditions. Employees are fully aware of their obligations to the public. Each issue of the weekly newspaper of one of the national federations of Government employees carries the statement that it "is unequivocally opposed to and will not tolerate strikes, picketing or other public acts against governmental authority which have the effect of embarrassing the Government."

Conciliation procedure seems to be developing in the Government service and is apparently favored by all union organizations. The Civil Service Commission a few years ago suggested formation of conciliation committees, and several agencies set them up. Although there is no present provision in law for doing so, mediation procedure has occasionally been set up in the Government service for adjustment of controversies. Under the old National Labor Board, Government employees brought a complaint against General H. S. Johnson and won. They are specifically excluded from appeals under the new act. However, in a Power Commission case, a mediation board was set up, and adjustment reached.

#### *Tangles for Employment Manager*

Like the employee relations officer of private industry who finds a different set of conditions, legal rights, and regulatory agencies when he takes on a Government job, the new employ-

ment manager might become entangled in a maze of regulations governing the filling of jobs, promotion and transfer of employees, terminations, vacations, sick leave, and retirement. While there are at least thirty categories of employees, each with a different set of legal rights, the largest category is the permanent classified civil-service, where the legal rights of management, employees, and applicants for jobs are pretty well defined.

The term "permanent" is descriptive enough when applied to these employees with civil-service status, but is somewhat hyperbolic. The civil-service employee can be removed "for such cause as will promote the efficiency of the service." However, the civil service rules provide that "no discrimination shall be exercised. . . against or in favor of an . . . employee in the classified service because of his political or religious opinions or affiliations." Perhaps at present his appeal for reinstatement might also be based on discrimination because of union membership. The appointing officer is the judge as to whether other reasons are sufficient for dismissal, except that conformity with similar actions of the same nature is required. In general, the civil-service employee's tenure is relatively more secure than that of most employees, either in public agencies or private industry.

#### *Merit Regulations*

Legal regulations affecting the work of the Government employment officer begin to take effect even be-

fore the employee is appointed. If a job is to be filled in a private business, the department head and employment manager agree on a good man who can be promoted to the position; a change is made and the matter is ended. If there is no good man in line for promotion, the employment manager hunts in and outside the company until he finds a man who meets his own and the department head's requirements, and that ends the matter.

The employment or appointing officer of an agency operating under civil-service rules has a set of regulations with which he complies in the selection and employment of personnel to fill day-by-day vacancies. If there is nobody in another classified civil-service position with the qualifications to fill the job, then he asks the Civil Service Commission to find on its registers properly-qualified applicants or, if necessary, to hold a competitive examination to find eligibles.

Elaborate rules have been developed for the guidance of the Commission and the employment officer to safeguard the legal rights of applicants and to make sure that the applicant who merits the job will get it. The successful applicant, after he is assigned, cannot be transferred to a different position until his fitness for the second job has been determined by the Civil Service Commission.

#### *Do Only Job Hired For*

The rigidity that results from the necessity of having a civil-service

employee perform only the exact duties for which he has been approved by the Civil Service Commission makes seasonal employment one of the Government personnel officers' special problems. A department store can develop flexibility to take care of seasonal employment by training. Some of the millinery saleswomen can be taught to sell other merchandise after the Easter rush on hats is over. With proper planning and employee training, a private industry levels off many of its employment peaks and valleys.

There are, of course, devices for leveling seasonal employment that

can also be used by public agencies. A postmaster in a large city may find part-time employment in a local utility for some of the employees who help him through the Christmas season. The employees work in the utility's application office during the spring and fall moving seasons.

It is not possible, however, to transfer employees to different civil-service jobs to take care of seasonal peaks and valleys. This works some hardship on the Government employee who is furloughed or has his job abolished, because he gets no pay until he is called back to work or finds a new job.



At the Dawn of the Twentieth Century Infants  
Opened Their Bright Eyes Looking Forward  
to a Life of Activity and Happiness. Today  
Many, with Their Lives Little More than  
Half Over, are Told They are Finished—  
Thrown on the Industrial Scrap-heap.

# Report *on* Older Workers

By EMPLOYMENT PROBLEMS COMMITTEE,  
Philadelphia Industrial Relations Association

THE spotlight of national prominence has recently settled on the problem of the aged applicant and the aged employee. This problem is far from new. It has been a development of the past 20 years, and although many industrial organizations have retained in active employment workers up to 60 and 70 years, all surveys show that there has been a trend toward a fixed entrance age limit that hovers at 40 years of age.

Does this mean that employers feel that calendar years are a measure of ability, skill, and experience? Does it mean that a man over 40 is ready for the scrap heap? Is it merely the succession of birthdays that has created the problem, or is it the man

himself? These and many more questions make the problem complex. We have confined our inquiry to several basic points: What is the problem? Why does it exist? What can be done to eliminate or alleviate it?

This survey does not presume to solve the problem. It does show, however, why employers are reluctant to consider the aged; under what conditions the older workers are desirable; under what circumstances they are not desirable; and finally suggest a policy that is simple enough to be adopted, if only in part, as an aid in solution.

## *Fixed Hiring Ages*

Outstanding in the development of the problem of the economic aged is

the trend toward fixed entrance age limits. The National Association of Manufacturers report that, of 700 firms investigated, over one-fourth had age hiring limits. New York State's Committee on Old Age Security found that 20 per cent of over 100 establishments in that state had adopted hiring limits. The National Industrial Conference Board has made a survey of 2,452 companies which employ four and one-half million workers. 11.1 per cent of the companies employing almost one-fourth of the workers have established a maximum hiring age. Of particular interest in this same survey is the disclosure that firms employing less than 100 employees constitute only 1.3 per cent of the companies admitting a maximum hiring age. The proportion of the companies increases with the size of the firms, with those employing over 10,000 constituting 30.1 per cent.

Worth serious consideration is the fact that the foregoing statistics show percentages of fixed hiring ages only in organizations frankly admitting such a policy. Your own conclusion may be substituted as to how many organizations practice a fixed hiring policy without publicly admitting it.

#### *Points Against Older Workers*

Employers advance several reasons for the fixing of age limits. Some of them are based on other managerial policies, some on characteristics inherent in the older worker, and some

on conditions outside the control of either employer or employee.

*Pensions and Insurances.* Many employers sponsor independent pension plans, formal and informal, in which the length of service determines the size of the retirement pension. Employment of an aged applicant gives insufficient time for the employee to build up an adequate pension fund. The employer is then early faced with providing for the welfare of the superannuated employee. Public opinion and public relations are subject to strain by the release of old employees of pension age who cannot receive an adequate pension because of limited length of service.

The reluctance of employers to hire older workers may be also attributed to the complications arising out of the administration of group insurances including life, health, and accident. Premium rates are usually based on average age. The employment of older workers increases the rates, which frequently are carried jointly by employer and employees.

*Workmen's Compensation.* Statistics prove that accident severity is abnormally high in organizations with workers with a high average age, due chiefly to injuries being complicated by the infirmities of age. The cost factor figures prominently in an employer's reluctance on this score.

*Promotion Plans.* Many organizations sponsor carefully developed and administered plans for promotion from within. To develop employee morale, it is the custom to promote

from within the organization whenever possible. This leaves only the lower pay and the more elementary jobs for outside applicants. It is customary to fill these jobs with young flexible talent, fresh from school. As a consequence, the low pay jobs are associated with young men and women.

*Adaptability.* Compared to the young worker, the older worker is at a distinct disadvantage on the point of adaptability. With changing economic conditions types of labor have fluctuated widely. When a man is thrown out of employment it is frequently necessary for him to adjust himself to new work. He must go through a period of retraining. It is a common opinion that the aged worker is less able to adapt himself to new surroundings and work, and the accentuation of deterrent personal characteristics and peculiarities of older persons often are obstacles and act against their fitting in harmoniously to new organizations. On production units, where high wages have been justified by speed and efficiency, a pace has been established that the economic aged simply cannot maintain.

*Capacity for Development.* The capacity for development among older applicants provides many counts against them as a group. General opinion is that the older applicants are not as flexible as the younger ones just out of school, and in the acquisition of motor skills are, as a group, considerably slower in becoming proficient. In the advances

of industry into the field of mass production, flexibility and capacity for development are important factors in the selection of new help.

*Physical Ability.* Physical health is constantly reflected in the performance of the daily job. It is assumed that a man nearing 40 slows down physically. The Industrial Health Research Board of Great Britain finds that men reach a maximum height at 20 or 21, maintained to 25, and then gradual decline sets in, in the nature of an "industrial stoop." Muscular strength increases to 20 years, maintains a level course to about 40 years, and then starts to fail. Reflexes begin a down trend earlier. The older applicant is more likely to have developed a minor defect or ailment, or a potentially compensable condition that will disqualify him in the pre-employment medical examination, or the rejection may be on the grounds of a general debilitation. Impaired hearing, eyesight, a lack of finger dexterity are all possibilities of rejection.

#### *Points for Older Workers*

Eliminating the physical jobs that require the mobility and resiliency that youth possesses, jobs in which nimbleness and quick reflexes form an integral part, we still have many run-of-the-mill positions that require skill, experience, and judgment. In these respects the older worker frequently possesses a distinct advantage over younger competition.

*Standards Prolong Working Years.* It is needless to point out that it is

not infrequent to find men of 40, 50, and even 60 who are in good physical condition. Our present industrial system has increased the working span of employees by shortening the working day and week, by raising average living standards, by protection of public health, and by modern physical hygiene. The machine age has lightened the load of its workers, increased leisure hours. All this has tended to aid in preserving and prolonging the active working years of men in industry.

*Experience and Skill.* Skill is acquired by years of training and diligent application. The older a workman becomes, providing he is alert and industrious, the more valuable is the skill and experience he has acquired in his particular line of work. With the shortage of skilled labor these factors are particularly important. In many instances, when this skill is needed the question of calendar years becomes secondary.

*Responsibility.* As a rule, the older workman is more responsible and dependable. Good judgment is usually a product of experience. This is especially true of the aged employee.

*Loyalty and Steadfastness.* In the industrial strife that has affected many organizations, it is needless to point out the desirable characteristics that are more evident in older workers. As a group, the older employees have been less affected by outside influences and agitation. An older man has the perspective of years and experiences to temper hasty and rash decisions.

Pertinent to our problem are the findings of Dr. Thorndike, of Columbia University. He has found that people up to 50 years of age can learn a new language as rapidly and as easily as a young person. This should raise the question, "Are we guilty of censoring without proof our aged, in believing that they cannot learn new skills?" True, the experiments have not progressed out of the intellectual field, but we should be receptive to evidence in the motor and mechanical skills.

With a basis of comparison given, it seems the productive efficiency of the older worker may be considered as generally superior in positions where skill and experience are primary requisites. Within the unskilled labor classifications, younger men enjoy an advantage. But in general, the shortcomings peculiar to the older workmen are about equally balanced by distinct merits peculiar to them. Older employees are numerous in nearly every industry and age seldom becomes a handicap until the health or mind is actually impaired.

#### *Laws and Social Pressures*

The problem is influenced still further by legislative and social developments. In searching for cures for economic ills, lawmakers seek not revision or repeal, but more laws.

The legislature of the Commonwealth of Massachusetts enacted a law in 1937, empowering the Department of Labor and Industry in that state to publish the names of all employers who discriminate against

a worker on account of age. This law denotes an important trend. Similar legislation to favor the older worker was proposed and failed in five states, namely, New York, Pennsylvania, Illinois, Minnesota and Texas. However, in spite of the apparent failure of the passage of the laws, the states which have considered legislation have investigating committees holding discussions and hearings on the problem.

Social campaigns have been organized to combat the growing prejudice against workers over 40. The strongest in this movement are the local posts of the American Legion, acting by mandate of the national organization. Another strong social organization is the "Over 40 Association." The Commonwealth of Pennsylvania several months ago became the thirtieth state to form an "Over 40 Club." The charter of the club outlines an extensive program which includes among other objectives:

A search for new fields of employment for workers over 40.

Initiation of legislation that will lessen the industrial dependence of the older worker.

Correction of "unfair" discrimination by employers. Endorsing and patronizing employers who do not discriminate.

Improvement of the economic welfare of employees who are 40 years and over.

These two organizations embrace an imposing membership. Their objective is to correct age discrimination.

To what degree this objective can be accomplished remains to be seen. The very fact that public feeling has

developed beyond sympathy and is crystallizing into a united action of proposed patronizing or boycotting denotes a trend. Action such as this can be counted in dollars and cents. Public sentiment is effective and far reaching. Respect that companies have taken generations to develop can be lost overnight by adverse criticism.

#### *Adjust Policy to Ethical Standards*

The report could end at this point, leaving a solution on a put-it-up-to-you basis. We have presumed that suggestions could be offered that are worthy of consideration. The acceptance or rejection of an employment application on a yardstick of calendar years alone is not and cannot be reasonable. Unfortunately, calendar age in many firms plays a too important part in employee selection. Though the organization may not have an age policy, the older applicant is effectively banned because of an understanding between the production and the personnel executives. The rejection is more brutal than in organizations with fixed limits, as false hopes have been aroused by the interview. Too many reputable organizations follow such a policy.

Interviews are given to all applicants but they are only courtesy interviews and offer nothing. Present developments demand that the employment manager frankly appraise his company's age policy and, whether it is written or established by precedent, adjust or amend it to

ethical standards. This suggestion is based not on emotionalism but on reasoning.

Employers, paradoxically, while being accused of unfair discrimination against the older applicant, are facing a definite fact that the average age of the employee in industry is steadily increasing.

The American Iron and Steel Institute has published statistics embracing 230,000 employees, or two-thirds of all workers in that industry. It shows that the average age of a steel worker is 38 years, two years more than the average in 1930, and that 40 per cent of all steel workers are over 41 years of age.

Diminishing productivity of a worker because of age has developed the problem of the older employee. Employers have handled this situation with varying degrees of evasiveness. The common practice is to consider each individual case on its own merits. Crossing bridges when you come to them is a logical procedure, but it is very important to have a definite policy to supplement such a method—a policy that is strong enough to uphold morale and flexible enough to fit individual cases. Present policies and procedures have been followed in some organizations for many years, but it has become necessary for policies to keep pace with change.

#### *Find Jobs for Aged*

An immediate step that can be taken by an organization in standardizing an old-age policy is a study of

jobs from the standpoint of the economic aged employee, to determine the jobs in which the older employees may be placed and in which they can perform with full efficiency. To supplement this limited group of jobs, it is often possible to modify qualifications of somewhat similar jobs and permit them to be brought within the capabilities of the older worker. These jobs should be set aside for the employees of the marginal type. Jobs should not be so modified that an employee feels he is the recipient of charity, but should permit retention of self-respect in the full performance of the limited job requirements.

In the administration of such a plan, the objections that would commonly be raised are not insurmountable. They may be tangible or intangible. Among the former we find the objection to the wage reduction, among the latter the effect on individual and group morale.

#### *Pay Wage Differentials*

It has been brought to our attention that several progressive organizations have experimented with the payments of supplementary wage differentials, in one instance due to reorganization in which the differential served as a retraining and rehabilitating allowance, and in another instance paid as a result of diminishing value due to age. It is possible to hazard a suggestion that a similar wage differential be developed, based on age and service, for the employee whose diminishing

productivity on account of age has brought a reduction in pay.

Committee discussion of this form of suggestion brought out several benefits.

The morale of the working group would be favorably affected.

The individual would not necessarily absorb the wage cut accompanying reduced duties.

The pension, based on average wages of the last few years of employment, would not be subject to reduction.

It is frequently difficult to transfer an aged employee, because the supervisor is reluctant to accept a marginal employee. A wage differential assuming part of the cost factor will tend to overcome this reluctance.

A wage differential would tend to reduce the number of marginal men who, at present are retained in highly paid jobs out of sympathy—respect—or leniency of supervision, while their efficiency has diminished. Practice of a differential policy would provide transfer of such cases into work more in keeping with the individual's productivity.

Such a policy is only suggested with the understanding that it bear very careful consideration. The cost factor would necessarily be high, and the thought should be borne in mind that it be used only in instances to bridge the years between diminishing usefulness and pension.

#### *Health Maintenance*

An important method to be used in dealing with this problem is the use of medical service. This field has not been utilized to its fullest advantage. Employing an objective yearly medical examination, supplemented by employee education in the fields of personal hygiene, diet, and treatment of common ailments and physical disorders, we can lay a foundation for a long-term program

that will give us healthier, more energetic working groups, and ultimately lengthen the physical prime many years beyond the present standards.

#### *Retraining*

Within our reach are the possibilities that training, retraining, and revivifying skills offer as a practical solution. There are at least four steps in such training which are essential. In sequence of importance they are:

Development of employee opinion, to be not only receptive but eager to participate, and the development, in every way, of a favorable attitude toward training.

Training to prolong usefulness in the known job field.

Job training on similar or related work, in which the demands of difficulty are more in keeping with age.

Training in dissimilar work, participants selected individually by the presence of a particular skill, knowledge, experience, or inclination.

In our survey we have not attempted or intended to recommend any detailed solution. Due to the arbitrary nature of the problem, the lack of factual knowledge accessible, and a general reluctance on the part of employers to discuss the problem frankly, we have taken a shot in the dark.

We have pointed out how industry can contribute to the solution of the problem: by eliminating blind prejudices against age alone; by developing and administering progressive and humanitarian personnel policies; by giving proper consideration to skill and knowledge; by sponsoring training and employee education; and by maintaining and improving the general health of the workers.



The Only Purpose of a Training Program Should be to Teach the Exact Knowledge and Methods which the Employee will Use on his Particular Job or the Job Just Ahead of him.

# Training *to* Improve Work

By LENNIG SWEET,

Fairfax, Virginia

**D**URING the past few years an increasing interest in employee training has been manifest. Many industries have training programs which extend from the top executives to the humblest worker, while government is giving training a new emphasis.

In the manual trades apprenticeship never disappeared. On the other hand, in preparation for executive careers in business and government, its place seems to have been taken of recent years by a college education. There came to be the feeling that here the best preparation is a broad culture and a trained mind. But more recently both specialization and apprenticeship for prospective executives are coming into vogue once more. Thus we have graduate

schools of business and of public administration and in-service training carried on by organizations for their own employees.

## *Causes of New Interest*

Law and medicine, two professions with great prestige, have been using the case, laboratory and interne methods of education. It has been seen that these were really controlled apprenticeships and thus learning on the job has been raised to a higher level than heretofore.

Consciously or unconsciously, the findings of psychology are being accepted which hold that the "faculties" of the mind cannot be trained but that learning transfers from one situation to another only when the learner recognizes that two situa-



tions, the one already learned and the new, are so alike that similar solutions may be used for both. Education then becomes a matter of helping the student recognize like situations and build up skills for solving them. Problems of business and government are often so divorced from topics studied in college that there can be little transfer of learning from the campus to the counting house or to political establishments.

Again, the educational concept of learning by doing has become accepted as over against book learning upon which the American people have always looked with suspicion.

In addition employees, through the high pressure salesmanship of night schools and correspondence courses, have been led to feel that promotions come only to those who receive specialized training. There is, therefore, continual pressure upon management to establish its own training programs, and where courses are offered great employee interest is manifest.

On the other hand it must be admitted that the fear that, after they have received training, employees will use this as a fulcrum to try to force promotions has kept much needed in-service training programs from becoming established. On the whole, however, there is very little opposition. The term "training" is fast becoming a shibboleth and programs are springing up which are purported to solve almost every problem of management.

Other executives believe that the

only purpose of a training program should be to teach the exact skills and procedure which the employee will use on his particular job.

### *Training Is Not Education*

Much of the difficulty exists because administrators have been unable to distinguish between training and education. Many training men have come from long years of college teaching and tend to carry over their former methods and objectives to the new field. Education and training are hard to differentiate, but Webster's Dictionary seems to have done this when it says: "Training—to bring or raise to requisite standards as of conduct, knowledge, or skill by protracted and careful instruction and practice." "Education, as understood today connotes all those practices cultivated by a given society as means for the realization in the individual of the ideals of the community as a whole."

A man cannot be truly educated unless he is a part of and understands the best in the culture of his time. On the other hand, the purpose of training is to bring a person to a requisite standard of performance in a relatively narrow field. The possession of adequate training means efficiency in the task which the person is to perform. The fact that narrow drill will not always bring this efficiency and that very often a broad understanding is needed to reach the required standard is the thing that brings confusion. We may need a broad education as a part

of our training, but the purpose of that education is not the culture which it would bring. If more of general material, background and knowledge is needed to bring requisite performance well and good; but if not, then it should be omitted. The one and only criterion of a training program is: Will it bring better workmanship on the present job or on the job just ahead? There is no justification for spending the money of stockholders or of taxpayers to increase the general level of knowledge or culture of the employee *unless* this results in more efficiency in the task for which he is employed.

#### *What to Train For*

If we accept the purpose of training to be, "To bring or raise (the trainee) to a requisite standard," a first step is to determine the objective—that is, the standard of performance to which we wish to bring the person who is to be trained. A great many programs fail at just this point. The officers administering them have no clear idea of the standard to which they are attempting to bring those whom they are training. Having no clear objective they too often merely conduct a series of activities or classes which, while good in themselves, seem to higher executives and to those who are studying in the classes, to lead nowhere.

As soon as, or immediately before, the standard is established it is necessary to examine present practice in order to understand just what

must be done to raise the trainee from his present less than maximum efficiency to that performance which may rightfully be expected of him. Unless we know where he is we cannot determine the road over which he should go.

The above two steps should be completed before any formal program of training is instituted.

The third step is to determine what must be learned or done if the gap between present practice and standard practice is to be bridged. The process of learning this necessary knowledge or skill becomes the training curriculum.

A study of this kind will reveal various types of deficiency in the employee. These may be discouragement with the job, lack of knowledge as to how work is done, lack of certain skills, trouble with the supervisor or foreman, etc. It is evident that in many cases the remedy for the discovered deficiency does not lie in training of the person whose work is being analyzed as much as it may in a better labor policy, a change of attitude on the part of the supervisor, or training of a superior.

In the case of the deficiencies in which training may help, items of like nature should be grouped together and then classified as to difficulty and importance.

#### *Broad Training*

A correct analysis of the job which ought to be done, the way it is being done now and what is needed to change present practice should bring

agreement by showing how much functional training and how much broader "education" is needed in this particular case. This will be especially true if during the analysis it is remembered that there are quite nebulous psychological factors which must certainly be taken into account. Many times material to change attitudes will be discovered to be as essential as will study or drill to increase a certain skill. Too often it is forgotten that mere knowledge and skill are not enough.

Belief in one's work, esprit de corps and morale must also be present, if the competence of employees, be they unskilled workers or executives, is to be raised to the highest possible level of efficiency. The importance of including other than functional topics in a training program may be seen in the case of even younger employees in minor positions. Many of these young people are on routine and monotonous jobs. If they can be helped to understand the social significance of the organization or agency in which they are employed and how the work which they themselves are doing ties into it, they should then see more meaning in their job, and other things being equal should perform their work more effectively and efficiently.

An administrative officer of the Census Bureau recently stated that that agency, when it was assigned the extremely routine task of copying the 1900 census on cards in order that persons might establish their status under the old-age insurance program of the Social Security Act,

first gave the employees who were to do the copying a three day vestibule course concerning (1) the significance of the Social Security Act, (2) what accuracy in copying would mean to the old-age beneficiaries when they become 65 years of age, and (3) how lack of accuracy might injure these beneficiaries. This official stated that he felt the course had greatly improved the quality of the copying. It will usually be as important for employees of the reader's organization to see the significance of their work as it is for those of the Census Bureau to understand the importance of theirs.

#### *Interneship Method*

When the nature of the curriculum material has been determined, the next problem is how to impart the desired information or skill. There are a number of methods: class room instruction by means of lectures, class room instruction by means of recitation, discussion and group conferences, drill, the carrying out of projects or investigations, individual coaching on the job, and combinations of all these. These methods are too well known to require description here.

Sometimes instead of, or in addition to, a short period of vestibule training, training classes, or training on the job, there is a period of interneship. This method is usually employed only when scientific workers or young executives are to be trained. The training period is one or two years. The purpose is to give the interne an all around experi-

ence. He is placed under an older person, usually an executive busy with other duties. Sometimes he moves from department to department working for a short period in each. The usual difficulty with this method is that it is not sufficiently planned—the person or persons under whom the interne is working are embarrassed as to how to use his time. He is too inexperienced to bear real responsibility and therefore is apt to be assigned to routine jobs and to eat his heart out because he had great expectations and now finds himself in a blind alley doing things which amount to little or nothing.

With slight variations of method, if there is the money and the will to do a good training job, the internship with a protracted period of study, investigation and practice is the most worthwhile training scheme yet devised. Where internship is employed it is the writer's belief that, instead of taking persons directly into such a plan upon their graduation from college and thus making them feel they are a privileged class while at the same time they arouse the jealousy of employees older in point of service, it is preferable to choose internes by means of a careful selection from the younger personnel who have been with the organization for a year or so and who have shown exceptional promise.

#### *Select From Present Employees*

If internships are open to all younger employees and if internes are selected on the basis of quality of work such a procedure may be of

great value not only as an incentive to the staff, but also as a means of discovering valuable executive and research material. A number of internes should enter the organization at the same time. They should not be individually assigned to various departments but should be under the supervision of a skilled training man charged with planning their program of study and work. The curriculum will consist of units of study in which there will be formal classes (sometimes at a university and not under the auspices of the employer), investigations, projects and actual work in a department.

For example, one such unit of study might be concerned with records. Here there would be class work on the value and use of records, investigation as to what records the organization now keeps, actual conferences with record-keeping personnel, the keeping of dummy records by the internes, actual work with the record-keeping personnel, a critique of the present record keeping of the organization, etc.

During the period of internship the group works on a number of different units of study. This gives the all round knowledge of the organization. In addition each interne spends considerable time actually working in the department in which he is employed or in which his major interest lies. This work must be carefully planned. The supervisor has a most important position—so important in fact that it has been discovered from experience that one person cannot supervise more than

five or ten internes. The duty of this person is to plan the entire training experience of the internes.

#### *Work of Training Division*

The final question is to decide where in the organization responsibility for the training activities is to be placed. There are two possibilities: A training division responsible for the training of the entire staff may be set up, or the responsibility may be placed on the various operating units. In the latter case the training division acts in a consultative capacity.

A division with responsibility for all training has certain advantages. A large staff of specialists may be hired to work out training procedures and courses of a high calibre. Their employment saves the time of busy administrators who are concerned with more important matters. Such administrators are usually not skilled teachers and may have little interest in the formal training of those under them.

The disadvantages of this type of organization are, on the other hand, so great that it has been discarded by the majority of industries. These disadvantages are obvious. Special instructors drawn off into a special training division are often too divorced from operations to know what should be taught. In the second place if there is a separate division responsible for all training, when men fall down in their work the operating executive can pass the buck and say, "This is not our fault; they

were not properly trained." For these and other reasons, the trend today is overwhelmingly towards placing upon executives responsibility for the efficiency (effective training) of those under them.

How, then, are we to overcome the fact that supervisors and others in the line units usually are not themselves trained in educational method and do not feel training of others to be one of their major responsibilities? To help administrators and supervisors to carry on more effective training while at the same time keeping them responsible for the efficiency of their workers, many firms are now using that organization of training in which the training division has only a service or consultative function.

#### *Aids to Line Executives*

When training is to be done the training men stand ready to advise with operating officials as to methods which should be used; they help prepare material; in some cases they even carry on discussions, lectures and other training processes. They do these things, however, only upon the request of the proper official of the line unit. This line official controls content, if not method. In some cases, in order to obtain closer cooperation between the consultative training staff and the line, a member of this staff is detailed to work under the direction of the operating division, while remaining a member of the training staff. This method, if the detailed training men often meet as a staff, unifies the educational

methodology and training work of the entire organization while the content of the training is under the direction of the operating executive who remains responsible for whatever program is or is not carried on.

More and more leaders in both industry and government are developing this latter type of coöperative training service. Here the trainee's immediate superior usually does the actual teaching or coaching. A primary function of the training man is to help that superior become conscious of his responsibility and through counsel, group discussions and other methods help him become skillful in his job of training. Understanding on the part of operating

officers will be enhanced if they work through the process of job analysis and determination of standards mentioned on previous pages. Working through this analysis and deciding what training is necessary is a part of the supervisor's own training.

It appears that in those cases where the training division has a consultive rather than a line function much greater enthusiasm for training is found throughout the organization. In those companies and agencies which have adopted it there appears to be less mortality among training plans than there is in those organizations where a training division is responsible for the entire training process.

# Book Reviews

## INDEX TO VOCATIONS

By Willodeen Price and Zelma E. Ticen. New York: H. W. Wilson Company, 1938. 122 pp. Price \$1.25

A Subject Index to 1,950 Careers is now available in a Revised and Enlarged Edition of *Index to Vocations*, by Willodeen Price and Zelma E. Ticen, just published.

The former edition analyzed occupations described in 115 books. In this new edition, 8 new books and 230 monographs have been added to those analyzed, increasing the size of the volume from 106 pages to 122 pages.

This new edition retains the features of the earlier volume, giving: an alphabetical arrangement of the Index by name of each vocation; the author, title, date and inclusive for each entry; biographical vocational entries under separate listings; and a useful selected list of the more recent books for graduates and vocational teachers and counselors.

## THE EFFECTS OF CONDITIONS OF ARTIFICIAL LIGHTING ON THE PERFORMANCE OF WORSTED WEAVERS.

By H. C. Weston. London: Industrial Health Board Report, obtainable from British Library of Information, New York, 1937

Reviewed by FREDERICK B. FLINN, M.D.

A study of the performance of English weavers under (a) the conventional direct method of artificial lighting, by means of light sources vertically above the work, (b) with special arrangements to direct the light on the work either from the side or front of the looms. (c) a system in which the spacing height ratio of the light source is arranged so that substantially uniform illumination is provided on the horizontal plane throughout the workshop.

In England the weaving sheds have roof windows and the daylight is received from above the machines. This gave an opportunity to use the production of the day workers as a control on the production of the

night workers who were used in the study of the effect of the three types of illumination.

The average output of the night weavers improved with the increasing wattage of the lamps. But in the same period the production of the day workers also increased indicating that other factors besides illumination were also at work. An illumination of about 30 foot candle on the cloth by means of standard dispersive reflectors resulted in 5.3 per cent improvement of night workers' output.

None of the special installations resulted in any improvement of night workers as compared with day workers.

## PSYCHOLOGY AND RELIGION

By Carl Jung. New Haven: Yale University Press, 1937. 131 pp. Price \$4.00

Reviewed by DORIS D. HAY

This book consists of three lectures (the Terry lectures on science in relation to religion and ethics) given at Yale University in 1937. Dr. Jung, Professor of Analytical Psychology at the Polytechnic Institute of Zurich, Switzerland, is popularly known for his theory of the two types, the introvert and the extrovert. He is also responsible for developing the theory of the collective unconscious, and in these lectures goes further in describing the inherited unconscious, as disclosed in dreams.

In the first lecture, "the Autonomy of the Unconscious Mind," he recapitulates his belief that certain ideas exist almost everywhere and at all times and can even spontaneously create themselves. His definition of religion is 'a numinosum of divine experience,' 'numinosum' having a meaning akin to "glory."

He reports on an analysis of seventy dreams out of a patient's recorded four hundred, in which there is a 'voice' more intelligent and purposive than the conscious will of the dreamer. Dr. Jung defines the psyche as being composed of more than the conscious will and possessing the power commonly called intuition.

In the second lecture, he discusses the influence of the Catholic and Protestant churches on their adherents. He holds dogma and ritual as safeguards against the forces of the unconscious, but suggests that the 'Protestant conscience,' unrelieved by confession, may sometimes cross the threshold of the unconscious; and recognizing the inner primitive forces, exercise conscious control over them. He gives the name of 'archetypes' to the motives repeated in dreams which he considers inherited modes of thought and feeling.

The last lecture contains description of the symbols with religious meaning in the dreams as compared with those in medieval church literature. Some of these are: the quaternity symbols, the number four in connection with ideas of God, the world clock, the four color circle. While Dr. Jung is careful to say that his studies do not prove the existence of God but only the persistence of the idea of God in the unconscious, he comes back again and again to the fact that fourth century symbols for the Deity, of which his patient's conscious mind had no knowledge, were common in his dreams.



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The Creation of an Administrative Authority has Attended the Effort to Solve almost Every Major Economic Issue of This Century. This is Our Answer to the Inadequacies of the Judicial and Legislative Processes Without Increasing Executive Power.

# The Administrative Process

By JAMES M. LANDIS

Harvard Law School, Cambridge, Mass.

Two tendencies in the expanding civilization of the late nineteenth century seem to me to foreshadow the need for methods of government different in kind from those that had prevailed in the past. These are the rise of industrialism and the rise of democracy.

While it was true that advances in transportation, communication, and mass production were in themselves disturbing elements, the profound problems were the social and economic questions that flowed from the era of mechanical invention. To their solution some contribution derived from the rise of humanitarianism. But the driving force was the recognition by the governing classes of our civilization of their growing dependence upon the promotion of

the welfare of the governed. Concessions to rectify social maladjustments thus had to be made, however grudgingly. And as the demands for positive solutions increased and, in the form of legislative measures, were precipitated upon the cathodes of governmental activity, *laissez faire*—the simple belief that only good could come by giving economic forces free play—came to an end.

## *New Pressures on Government*

This industrial development coincided with basic shifts in the sources of governmental power. The Reform Bill of 1832 in England, the abolition of property qualifications on the right of suffrage in this country, Jacksonism and its implications,

all presaged the stirring of new and powerful forces. There grows a conception of government as the concern of the common man; politics as the means whereby he may realize the dream of a better living. At first the conception is narrow. It manifests itself in the desire for sporadic intervention on the part of government to adjust a particular abuse. But later it expands into a view which conceives it to be a function of government to maintain a continuing concern with and control over the economic forces which affect the life of the community. These forces are recognized to be more or less permanently at play; but, unfortunately, they seem either to lack direction and objective or to have objectives differing from those desired by the newer elements that have now become part of the sources of governmental power. It is these developments that political commentators at the turn of the century pointed to as illustrative of collectivistic and socialistic forces prevalent in government. However accurate the use of that terminology may have been, it was no doubt a fact that government was responding to the demands of new pressures at the source of its authority. More and more the state was assuming new burdens in order to direct and to define the objectives of the economic forces that invention had released, and to control the new powers that derived from the wealth which those forces had created.

These forces can be traced by their concrete manifestations in the growth

and forms of the administrative process. The high level of transportation charges and the existence of tariffs that discriminated between communities, commodities, and individuals had made the railroads a political issue. The first attempts at a direct legislative control of rates and charges proved crude and useless. Such remedies as the common law and the courts afforded depended upon the initiative of aggrieved shippers. In effect they were more apparent than real because of the costly and uncertain character of the legal actions that had to be pursued. The need for nondiscriminatory and reasonable rates, uniformly applicable, could not be achieved through the intermittent intervention of the judicial process. The problem was plainly seen to transcend state boundaries when in 1886 the Supreme Court of the United States by its decision in *Wabash Ry. Co. v. Illinois* removed three fourths of the railway tonnage from the potential control of the states. Some federal mechanism of necessity had to be invented if the rudiments of a national railroad policy were to be developed.

#### *Interstate Commerce Commission Created*

More important than the immediate powers that in 1887 were vested in the Interstate Commerce Commission was the creation of the Commission itself. A government had to be provided to direct and control an industry, and governance as a practical matter implied not merely

legislative power or simply executive power, but whatever power might be required to achieve the desired results. It is not too important to our purposes that in 1887 the powers granted to the Interstate Commerce Commission were meager and that the objectives for which they had been created were of themselves limited. Political pressures, remnants of *laissez faire* economics, the moneyed interests of the East, all made for these limitations. The necessary powers were granted later when the need for them could no longer be denied. What was important was the deliberate organization of a governmental unit whose single concern was the well-being, in a broad public sense, of a vital and national industry.

In the years that followed the creation of the Interstate Commerce Commission, the same problem presented itself at other points in the economic scene. As particular industries, due to lack of effective economic restraints, posited problems of abusive tactics with which traditional legal devices had failed to cope, this new method of control made its appearance. Banking, insurance, utilities, shipping, communications—industries with sicknesses stemming from misdirection as to objective or from failure adequately to meet public needs—all came under the fostering guardianship of the state. The mode of the exercise of that guardianship was the administrative process.

### *New Deal Agencies*

Following the economic breakdown of 1929, a perplexed state relied almost entirely upon the administrative approach to its many and staggering problems. As rapidly as—indeed, sometimes more rapidly than—causes could be isolated and problems defined, administrative agencies were created to wrestle with them. Many of these were frankly temporary in character, hastily set up to cope with emergency situations. Some were later discarded, others evolved into more enduring institutions. Among the permanent regulatory efforts was that of securities regulation. More rapidly than in the case of the Interstate Commerce Commission, administrative grappling with this problem passed through the simple concern of police to considerations pertinent to the public well-being of an industry. Beginning in 1933 with the requirement for disclosure as a condition precedent to the public offering of new securities, there was added in 1934 to the responsibilities of government the correction of abuses in trading in outstanding securities. In the same year these two regulative statutes were intrusted to the care of a newly created administrative commission. It soon became apparent that regulation in this field implied the governance of what is essentially an industry consisting of investment banker, broker, and dealer. As in the case of the Interstate Commerce Commission, it was

not long before it became evident that the mere proscription of abuses was insufficient to effect the realization of the broad objectives that lay behind the movement for securities legislation. The primary emphasis of administrative activity had to center upon the guidance and supervision of the industry as a whole. Its reorientation and reorganization have, in consequence, occupied more effort, more vigor, and more foresight on the part of the administrative than its activity in the field of police. And today such efforts continue to be that agency's chief concern.

#### *Not Extension of Executive Power*

Viewed from this standpoint, it is obvious that the resort to the administrative process is not, as some suppose, simply an extension of executive power. Confused observers have sought to liken this development to a pervasive use of executive power. But the administrative differs not only with regard to the scope of its powers; it differs most radically in regard to the responsibility it possesses for their exercise. In the grant to it of that full ambit of authority necessary for it in order to plan, to promote, and to police, it presents an assemblage of rights normally exercisable by government as a whole. Moreover, its characteristic is this concept of governance, limited, of course, within those boundaries derived from its constituent statutory

authority. But administrative power, though it may begin as an effort to adapt and make efficient police protection within a particular field, moves soon to think in terms of the economic well-being of an industry. The creation of that power is, in essence, the response made in the light of a tripartite political theory to the demand that government assume responsibility not merely to maintain ethical levels in the economic relations of the members of society, but to provide for the efficient functioning of the economic processes of the state.

A survey of existing administrative agencies reveals how they were called into being when the political power of our democratic institutions found it necessary to exercise some control over the varying phases of our economic life. The many characteristic illustrations that the field affords demonstrate this primary administrative thesis; namely, the existence of a growing need for vesting in a public authority supervision over the economic integrity of industries and their normal development. It is significant to note this trend in the development of the administrative process; it is equally significant to note departures from it. For, indeed, administrative agencies have been created whose jurisdiction related less to a particular type of industrial activity than to a general social and economic problem which cut across a vast number of businesses and occupations.

*National Labor Relations Board*

Typical of this type of administrative agency are the Federal Trade Commission and the National Labor Relations Board. Both have as their jurisdiction the general problem of unfair practices, in the one case as these relate to business and in the other to labor. There was no prototype in the industrial world after which such agencies could be modeled. The lines of their creation as well as the limits upon their activity thus may be seen to diverge considerably from the other type of agency. For both of them are primarily interested from a particular standpoint in the policing of industry as a whole, rather than being vested with supervision over the welfare of a definable line of business. From a popular standpoint they do not represent an authority capable of being held responsible for developments in a particular industry. When today we think of the railroad problem, the banking problem, the stock exchange problem, we think of them in terms of the responsibility for their solution as it may rest with the Interstate Commerce Commission, the Federal Reserve Board, or the Securities and Exchange Commission. If the railroads are "sick" we listen eagerly to what Commissioner Eastman may have to say upon the subject. We desire to know what the Commission of which he is a member can or intends to do about the situation. But in the case of the Federal Trade Commission or the National Labor

Relations Board it is otherwise, for neither fulfils a similar task nor bears a like responsibility. Rather they possess more nearly the character of tribunals, of business and labor courts, where the function is one more closely akin to policing as distinguished from promoting.

*Need for Expertness*

Thus we see that the more significant agencies have as the central theme of their activity either the orderly supervision of a specific industry or, as in the case of the Federal Trade Commission, an extension of a particular branch of the police work of the general government. Their tasks are regulatory, it is true, but, with certain exceptions, regulatory in a broad sense, for to them is committed the initial shaping and enforcement of industrial policies.

The advantages of specialization in the field of regulatory activity seem obvious enough. But our governmental organization of the nineteenth century proceeded upon a different theory. Indeed, theorists have lifted the inexpertness that characterized our nineteenth-century governmental mechanisms to the level of a political principle. Such a practical politician as Andrew Jackson took occasion to urge the Congress to take measures against permitting the civil servants of the government a "long continuance" in office. But expertness cannot derive otherwise. It springs only from that continuity of interest, that ability

and desire to devote fifty-two weeks a year, year after year, to a particular problem. With the rise of regulation, the need for expertness became dominant; for the art of regulating an industry requires knowledge of the details of its operation, ability to shift requirements as the condition of the industry may dictate, the pursuit of energetic measures upon the appearance of an emergency, and the power through enforcement to realize conclusions as to policy.

#### *More Agencies Likely*

If the administrative process is to fill the need for expertness, obviously as regulation increases, the number of our administrative authorities must increase. The most superficial criticism which can be directed toward the development of the administrative process is that which bases its objections merely upon numerical growth. A consequence of an expanding interest of government in various phases of the industrial scene must be the creation of more administrative agencies if the demand for expertness is to be met. Increasing their number of itself need not disturb us, provided that the relationships between them, and in turn their relationship to the other departments of government, are properly solved. Efficiency in the processes of governmental regulation is best served by the creation of more rather than less agencies. And it is efficiency that is the desperate need.

In the public discussion and debate

of today, a curious paradox is evident. There is currently strong objection to the vertical integration that in many fields characterizes modern industrial development. There is widespread distrust of a tendency for business to become so large as to demand more in the way of management than may be reasonably expected of the average human intelligence. But at the same time we find a converse tendency when discussion turns to the administrative side of government. Not infrequently little hesitation attends the projection of government into a vast new field of action; but bitter altercation develops as soon as the suggestion is made that responsibility for the execution of these new duties be placed in the hands of a select, compact group of individuals.

#### *Distinct From Present Departments*

The creation of any new administrative agency is viewed always with regret and frequently with hostility. Efforts are constantly made to intrust the discharge of these new functions to the officials of an existing branch of government. When we survey, for example, the extraordinary variety of responsibilities and duties sheltered under the canopy of departments such as the Departments of Interior or of Commerce, it is impossible to conceive of much in the way of all over-all directional effort deriving from the titular heads. What does derive is too frequently atmosphere, not policy, and atmos-



phere that may bend unduly the shaping of policies by those who have a first-hand acquaintance with the facts. Organization under the formal aegis of a "Secretary" may frequently be a matter of lines drawn upon a departmental blueprint rather than an evolved plan which has as its basis the active and continuing supervision of one superior. It is not without reason that a nation which believes profoundly in the efficacy of the profit motive is at the same time doubtful as to the eugenic possibilities of breeding supermen to direct the inordinately complex affairs of the larger branches of private industry. Yet that nation seems nevertheless willing to organize its government within a pattern which demands such individuals.

The administrative process points to one solution of this paradox. The demand for expertness, for a continuity of concern, naturally leads to the creation of authorities limited in their sphere of action to the new tasks that government may conclude to undertake. Indeed, the creation of an administrative authority has attended the effort to solve almost every major economic issue of this century. President Wilson in one generation and President Franklin Roosevelt in another, before their respective incumbencies, criticized the multiplication of administrative agencies; yet their terms of office saw the organization of a number of these instrumentalities, for their creation was an inevitable consequence of the far-reaching measures that were

sponsored. The translation of such legislation into reality called for technical skill and required the delegation of grave matters. To resort under these circumstances to the device of a compact and select personnel for the discharge of these responsibilities was natural and inevitable.

### *Weakness of Judicial Process*

I have mentioned a broad distinction which underlies types of administrative agencies now in existence. That distinction relates to the difference between those administrative bodies whose essential concern is the economic functioning of the particular industry and those which have an extended police function of a particular nature. Although it is dangerous to deal in motives, yet the reasons which prompted a resort to the administrative process in the latter area would seem to be reasonably clear. In large measure these reasons sprang from a distrust of the ability of the judicial process to make the necessary adjustments in the development of both law and regulatory methods as they related to particular industrial problems.

Admittedly, the judicial process suffers from several basic and more or less unchangeable characteristics. One of these is its inability to maintain a long-time, uninterrupted interest in a relatively narrow and carefully defined area of economic and social activity. As Ulpian remarked, the science of law embraces the

knowledge of things human and divine.

In the field of unfair competition and monopoly, and in the field of labor, there was widespread distrust of the courts' ability to evolve workable concepts to direct the economic forces which had posed these problems. Some of this distrust found its source in the belief that the resolution of these matters required a condition of uninterrupted supervisory interest that was incompatible with the demands of judicial office. Then, too, it seemed desirable to have some uniformity in approach, a uniformity that under the judicial process could only be attained by the time-consuming and expensive device of appeals to the court of last resort.

### *Practical Judgments*

To these considerations must be added two others. The first is the recognition that there are certain fields where the making of law springs less from generalizations and principles drawn from the majestic authority of textbooks, and cases, than from a "practical" judgment which is based upon all the available considerations and which has in mind the most desirable and pragmatic method of solving that particular problem. In the period preceding the World War commentators upon decisions relating to these problems frequently pointed to the fact that such judgments were determined much less by accepted "legal principles" than by given political, eco-

nomic, and social considerations—a pedantic way of expressing the term "practical." Then, once having been convinced of the validity of this analysis, these juristic writers thereupon crossed the Rubicon of legal tradition to declare openly that judges made rather than discovered the law. This view was particularly vocal in the fields of monopoly and labor. Here distrust based itself upon the belief that the men who composed our judiciary too often held economic and social opinions opposed to the ideals of their time. The distrust was not without foundation. In the field of monopoly judges had so erased and altered the blank check that had been given to them by the Sherman Act as to afford considerable doubt whether it was not now best to tear the instrument to pieces rather than attempt to decipher its value. In labor law, the course of decision by the Supreme Court of the United States aroused such hostility that in 1930 a nominee to that Court met defeat in the Senate primarily because he was true to the Court's doctrines.

### *Independent Investigations*

One other significant distinction between the administrative and the judicial processes is the power of "independent" investigation possessed by the former. The test of the judicial process, traditionally, is not the fair disposition of the controversy; it is the fair disposition of the controversy *upon the record as made*

*by the parties.* True, there are collateral sources of information which often affect judicial determinations. There is the more or less limited discretion upon the doctrine of judicial notice; and there is the inarticulated but nonetheless substantial power to choose between competing premises based upon off-the-record considerations. But, in strictness, the judge must not know of the events of the controversy except as these may have been presented to him, in due form, by the parties. Although the power to summon witnesses upon his own initiative in certain cases may theoretically be possessed by him, yet as a matter of fact it is not exercised. The very organization of his office prevents him from doing so. Except in a few cases where the costs of such an investigation can be charged against the *res* that is the subject matter of the litigation, no funds are available for the purpose; no subordinates are at his beck and call competent to perform the function. Nor is he permitted to conduct an investigation to determine what policy is best adapted to the demands of time and place, even though he is aware that sooner or later he will be confronted with the necessity, through the processes of judicial decision, of shaping policy in that particular field. Nor is it, traditionally at least, part of his judicial office to bring to the attention of other departments of government the shortcomings of the law that he feels himself bound to apply.

### *Decisions Should Be Right*

On the other hand, these characteristics, conspicuously absent from the judicial process, do attend the administrative process. For that process to be successful in a particular field, it is imperative that controversies be decided as "rightly" as possible, independently of the formal record the parties themselves produce. The ultimate test of the administrative is the policy that it formulates; not the fairness as between the parties of the disposition of a controversy on a record of their own making. In securities regulation, for example, the two problems of the admission of securities to unlisted trading and the striking of securities both from listed and unlisted trading, are pertinently significant. Here it soon became obvious that to determine these matters purely upon the record as the parties made it, would lead to results governed more by chance than by the application of a consistent policy. The Commission itself is theoretically not a party to the disposition of these proceedings. Ordinarily the contest as it arises poses an issue between management and an exchange, or a trading interest, as advanced by a dealer or broker in the over-the-counter market. The Commission's staff, however, has usually assumed the burden of exploring the facts and of counseling the parties with reference to the nature of the issues that may be involved. Similarly, the burden of presenting the facts in

unfair competition cases rests with the Federal Trade Commission; to have left it with the consumer or even a competitor would, in the normal situation, have amounted to a denial of justice.

### *Rules And Accounting*

Equally deserving of notice is the power that the administrative possesses to conduct independent explorations as a prelude either to the fashioning of policies, by way of case decision and specific regulations, or to the obtaining of additional powers from the legislature in order to achieve more effective control over an industry. Of the latter little need be said. Such investigations as that of the utility problem undertaken by the Federal Trade Commission, or the one in the field of corporate reorganization conducted by the Securities and Exchange Commission, are fresh in the public mind. Both threw an illuminating light on those fields, and results that count are attributable, directly and indirectly, to their findings. The operation of the other type of exploration, however, is less commonly known. It may consist of a series of conferences preceding the promulgation of regulations. That was the character, for example, of the investigation pursued by the Securities and Exchange Commission preliminary to the adoption of its accounting regulations; and these rules, as one of the leading accountants of this country observed, did more in one month to advance the science of

accounting than had been accomplished by years of futile committee work within the professional societies. This particular research obtained the coöperation of the country's leading accountants, the comptrollers of the greater corporations whose securities were listed on the exchanges, and professors and teachers concerned with the advancement of accounting knowledge and method.

### *Confidential Information Case*

One further illustration of the same technique will, perhaps, give more point to the observation. This relates to the experience of the Securities and Exchange Commission in dealing with the filing by corporations of so-called confidential information. The Securities Exchange Act empowered the Commission to determine that certain information did not need to be disclosed if the Commission was convinced that such disclosure would do more harm than good. That corporations were reluctant to disclose certain matters was manifested by hundreds of requests for confidential treatment of information dealing with the salaries of management and the cost of goods sold. The latter, particularly, was considered by these corporations as a matter whose concealment was of vital necessity. Disclosure, it was claimed, meant injury to the business because it would enable competitors to gauge more accurately the existing margin of profit and thus have the

information with which to adopt a price-cutting policy. It was submitted, further, that disclosure of costs would encourage and permit large customers to use their buying power as a leverage to reduce prices to a point which, in their judgment, gave the selling corporation its "appropriate" ratio of profit. These claims, on their face, seemed to have considerable merit. Moreover, the protestations of the claimants' representatives were normally so importunate as to create the belief that the claim had content. On the other hand, while their number was small, a select few of the investment statistical services were of the opinion that information on gross sales and cost of goods sold was indispensable for an intelligent appreciation of the financial performance of a company.

#### *Figures Often Already Public*

These were the considerations as the record was built up without exhaustive, independent inquiry, and on the basis of that record, the claim, when made, was quite generally allowed. Some doubts remained, however, as to the general merits of these claims, and because of them a special investigation of the problem was initiated. That investigation, to put it concretely, involved the time of three lawyers and aid from analysts and accountants. It carried them over almost all of the country east of the Mississippi. Upon the basis of their research several facts, of great

consequence in relation to the disposition of these claims, were discovered. One was that the figures had little to do with the motivating force which determined buying policies or price competition. Of equal importance was the discovery that the figures were very rarely a real secret. Often they were common knowledge in the industry; and very frequently they had already been publicly filed, without a murmur of protest, in various state capitals, in response to the requirements of local tax legislation. Decisional policy, naturally, and rightly, shifted after the results of the investigation were received. In case after case, as intimations of that shift in policy were brought home to corporations thus affected, requests for confidential treatment of these figures were withdrawn, and what can most appropriately be described as a rout took place. Instances, of course, occurred where the claim had merit and cases even now are pending where there is present a deep-seated and genuine disagreement as to the desirability of disclosure.

I have dwelt at some length upon this problem for it illustrates neatly the employment of a technique which could not possibly have characterized the judicial process. In this particular field of investment analysis and industrial policy, the expertness that was essential for an intelligent disposition of these problems was lacking at the outset even in the administrative. This was only to be expected, for knowledge of these

matters was confined to a very limited group of individuals. It had to be discovered and in part created, and initiative to that end had to be furnished by the body charged with disposition. To have relied, simply, upon such considerations as parties claimant before that agency produced, subjected merely to the cross-fire of nonspecialized counsel, would have afforded scant solution; it would have resulted probably in the continuance of the admittedly unhealthy atmosphere of concealment which had thitherto dominated financial reporting.

#### *Historical Perspective*

The last century has witnessed the rise of a new instrument of government, the administrative tribunal. In its mature form it is difficult to find its parallels in our earlier political history; its development seems indigenous. The rapidity of its growth, the significance of its powers, and the implications of its being, are such as to require notice of the extent to which this new "administrative law" is weaving itself more and more into our governmental fabric.

In terms of political theory, the administrative process springs from the inadequacy of a simple tripartite form of government to deal with modern problems. It represents a striving to adapt governmental technique, that still divides under three rubrics, to modern needs and, at the same time, to preserve those elements

of responsibility and those conditions of balance that have distinguished Anglo-American government.

#### *Legislative, Executive and Judicial Powers*

Separation of powers as a political maxim is old; but as a principle of government, sanctified by being elevated to the constitutional level and embroidered by pontifical moral phrases, it has a distinctly American flavor. Our British cousins discover it now and then as they find that its preachment fits some practical or political need. But it was left to us to hallow the tripartite ideal of government, wherein all power delegated by the people was in the purported interests of liberty divided neatly between legislative, executive, and judicial. It was left to us, moreover, not merely to make of this division a convenient way of thinking about government, of considering the desirability of checking and balancing a particular power that might be vested in some official or some body, but also by judicial introspection to distinguish minutely and definitively between these powers. That fineness of logic-chopping that characterizes our courts permits us at will to discern a legislative or a judicial power when we are eager for a determination; at the same time it permits us to avoid decision by the establishment of new categories of quasi-legislative and quasi-judicial powers.

*Administrative Combines and Preserves*

The insistence upon the compartmentalization of power along triadic lines gave way in the nineteenth century to the exigencies of governance. Without too much political theory but with a keen sense of the practicalities of the situation, agencies were created whose functions embraced the three aspects of government. Rule-making, enforcement, and the disposition of competing claims made by contending parties, were all intrusted to them. As the years passed, the process grew. These agencies, tribunals, and rule-making boards were for the sake of convenience distinguished from the existing governmental bureaucracies by terming them "administrative." The law the courts permitted them to make was named "administrative law," so that now the process in all its component parts can be appropriately termed the "administrative process."

It is the light of these broad con-

siderations that the place of the administrative tribunal must be found. The administrative process is, in essence, our generation's answer to the inadequacy of the judicial and the legislative processes. It represents our effort to find an answer to those inadequacies by some other method than merely increasing executive power. If the doctrine of the separation of power implies division, it also implies balance, and balance calls for equality. The creation of administrative power may be the means for the preservation of that balance, so that paradoxically enough, though it may seem in theoretic violation of the doctrine of the separation of power, it may in matter of fact be the means for the preservation of the content of that doctrine.

*Excerpts from a new book, entitled "The Administrative Process," by James M. Landis, to be published by the Yale University Press early this fall. By courtesy of the Yale University Press.*



"The Idea of All Being in One Gang is a Pleasure. Everybody Works and There is Nobody Stalling. You Work Much Better in Small Gangs. The Supervisor, Too, is Awfully Nice."

# Unofficial Boss

## REVIEW I

By CHARLES S. SLOCOMBE

Personnel Research Federation

IN EVERY group of workers there is always one man who is the unofficial boss. By virtue of his strong personality, decided views or intense motivation he, upon coming into a section or department, very shortly determines the attitude of the other workers towards their work, starts and insists upon restriction of output or on the maintenance of maximum output; he leads the others to complain about their working conditions, or to take the conditions as they are and not be a 'bunch of sissies'; he in no unmistakable terms tells them what they should do about joining or refusing to join the union.

We all know about these unofficial bosses, but seldom in our personnel work do we recognize them as such, until possibly they attain official

positions as union shop stewards, or serve on pension committees, etc. When we wish to introduce something new such as job evaluation or rating or motion study, we know we have to sell employees on these matters, and go about the job of selling them. But rarely do we, in our thinking figure out the key men who actually must be sold if the thing is to be a success.

### *Foremen Know Bosses*

It is perhaps for this reason that some of our personnel methods, such as incentive and bonus plans, are only partially successful, in securing output and employee coöperation. We often do not know whether these bosses are in official positions such



as foremen, as they may be in smaller groups and plants. But we do suspect that a good foreman knows who the unofficial bosses are in his department, and works through them, either deliberately or otherwise.

To what extent our more elaborate personnel methods discourage or prevent supervisory and line forces from working through these unofficial bosses we also do not know. But we are led to wonder about this when we see so many companies highly successful in their labor relations and in obtaining high employee morale and efficiency who operate almost entirely without personnel departments, and who appear to break every orthodox personnel rule. While this is mainly true of the smaller companies there are some very large ones of whom it might be said.

We suggest that personnel men might well give much more attention to these unofficial bosses, and keep them in mind when training foremen, when introducing new methods, and when trying to straighten out tangled labor situations. And in thinking about this matter we might do well to keep in mind that there are unofficial bosses among groups of foremen, among higher ranking supervisors, including plant managers.

#### *Labor Relations Test Tube*

Perhaps one of the reasons why we haven't taken these bosses much into our consideration is because we haven't known very exactly how they operate, and exactly what their

effect on other employees has been. Fortunately this gap in our knowledge has been filled through the actions of a little Italian girl, who was accidentally included in a group of workers under study. She completely wrecked the study as it was designed, but gave as much information about these unofficial bosses, and stimulated Professor T. North Whitehead of Harvard to develop a whole series of new sociological theories.

She was one of five famous girls who consented to sit and work in a labor relation test room at the Hawthorne Works of the Western Electric Company. While in this test tube they were subjected to all kinds of changes in their working conditions; took six rest pauses a day, worked without rest pauses; worked short hours, long hours; were switched about in their chairs, and given all different kinds of relays to assemble, etc. The weather conditions of Chicago put them through heat waves, blizzards, and all its characteristic changes in climate; the girls came to work some days tired out after late parties with their boy friends or other days came all nice and fresh after a good night's sleep following a quiet evening at home with the family.

#### *Production U'p 54%*

But no matter what happened that might be expected to affect their productive output it just kept on getting better and better for three years. Though the girls were ex-

perienced workers when they went into the test room yet during the three years their output went up fifty per cent, from fifty to seventy-five relays per hour.

The officials of the company, and Professor Elton Mayo of Harvard, who was helping with the experiment, couldn't figure this out, and have been trying for seven years to get the best explanation. Now Professor Whitehead, one of Dr. Mayo's associates, using new and very clever statistical devices has concluded that the whole thing was due to the bossing, or more politely leadership, of one of the girls. He has analysed out all the different ways in which she affected the output of the group, and the limitations on her ability to influence them.

It is from the record of all that happened to these five workers in this test room during five years, and Whitehead's statistics that we obtain our new knowledge about unofficial bosses. Of course, because factory conditions are different from the special conditions to which these girls were subject, we have to be careful in applying the principles found, but it seems that the following ones may be accepted as of general application, and most important in understanding our employee relations.

#### *Miss Ambitious*

(1) To have the maximum and right influence on other workers an unofficial boss must have a decided personality, plenty of brains, a home situation that gives a driving motiva-

tion, and a factory situation that gives scope for the exercise of ambition.

All these factors were present in the life of the 22 year old Italian girl, who dubbed by her fellow workers Miss Ambitious, drove up their efficiency in spite of 'hell and maria.' She was, according to the record, a very matter of fact girl with decided opinions. In intelligence and tested mechanical ability she was at least equal to the best of the other girls. Shortly after she went into the test tube, both her mother and her sister died, and as her father and younger brother were not earning very much, she not only had to take her mother's place in managing her home, but had to become practically its main support through her earnings. This looks like a load big enough for any 22 year old girl, but it wasn't for Miss Ambitious.

#### *Response to Invitation*

When she was invited to become one of the famous five assemblers, who were being used in a study of the effect of different working conditions on worker production, she was interviewed by the head supervisor and others who were directing the study. She was told how the company hoped the results would help it to better working conditions for all employees, and asked to coöperate. As one of the five girls she was consulted whenever changes were to be made. She and the other girls were told to work along as they felt, and not to force themselves.

This treatment, which was so entirely different from what she had been used to as one of a hundred workers in the main department, fired her ambition or appealed to some latent ambition she had. So gradually she undertook not only the responsibilities of managing and earning the money for her home, but also to help the company work out ways of improving working conditions and to see that the other girls did so as well.

Thus with the right mental and physical equipment, the requisite home motivation and an ideal company situation for stirring up her ambition she became a Number 1 unofficial boss. Thereafter, production output of the whole group varied not as the weather or fatigue or anything else affected the girls, but in close relation to the moods and drives of this Miss Ambitious.

#### *Followers Respond*

(2) A leader of workers will stimulate them to high output even when they have no such motivation. Because of her home responsibilities this girl wanted all the pay she could get, and as they were operating on a group payment plan she had to drive the others along with her. Under the payment plan the group was paid as a whole according to their production, and the amount divided among them.

Some of the other workers did not care particularly what they earned. One girl lived with her family where there were other wage earners, and

had to hand over her pay check to her mother, receiving only a small fixed amount for pocket money. Another was married and her husband had a good job, so she did not really need to work. Another was more interested in working along comfortably and gossiping about her experiences with her boy friends.

But the boss wanted money, and wanted to help the company, so the others had to fall in line. While at times apparently she deliberately drove them, it appears that to a large extent her stimulating influence was unconscious in an unexplained psychological way.

#### *Revise Personnel Methods*

In view of the demonstrated influence of such workers who become informal bosses, in raising and keeping up output it would seem that personnel methods which do not take this into account, or which might actually serve to kill such worker leader motivation should be revised.

Or personnel managers, who have only a limited amount of time to develop better personnel methods, might give less attention to rating plans, or job evaluations, or psychological tests, and spend it on studying worker motivations and how to use them in the interest of better operations.

#### *New Job For Foreman*

(3) When a group of workers maintains its own discipline and output under a worker leader, the foreman

must keep hands off. If he butts in and tries to prevent the workers from talking or otherwise running their own affairs, it will be resented, and frictions will be set up which tend to interfere with output.

In fact the foreman emerged as an organizer, maintaining relations between his group of workers and the rest of the organization. He looked after the correct supply of parts for assembly; relations with inspection branch; arrangements with canteen; contact with service department for arranging holiday trips and recreation, etc.

We suspect that over wide areas of industry, especially in small companies, that this is just about what the foremen do, though we do not often hear personnel men mention this when talking about foremen duties or foreman training.

#### *When Boss Loves Heart*

(4) A worker boss will not continue to lead a group in maintaining production permanently. Eventually unless the company does something about it, the boss will lose interest in production, and exercise leadership in the social affairs of the group, or in some other way.

Although the family responsibilities of Miss Ambitious did not lessen, and she still ought to have driven herself and others just as hard, after two years she and the group lost heart, and shortly thereafter production dropped down.

After three years the company executives ceased taking the same inter-

est in the girls, a new inexperienced girl came into the group, and they could see that for several months, no matter what they did their earnings would be low, and Miss Ambitious finally realized that she had started out on an impossible job of raising production indefinitely.

So the group laughed and talked, and went to movies together. Though their activities still centered round the boss, she did not concern herself greatly whether output was high or low. At first curiously enough this led to increased output, but shortly changed quite suddenly and production dropped down, never recovering as long as records were kept. (It did not go as low as it was before the study started).

It seems from this that worker leaders can be expected to interest themselves strongly in their work for only limited periods. They must then either be motivated to continue by some new means, or transferred or promoted.

#### *Group Piece Rates*

There was one factor here which might have prevented the let-down. There were only a few girls in the wage group. Over a period of years they had raised their production, and wages, to a high level. But a new and less experienced girl came in to take the place of one who left, and they were discouraged by the thought that for months while she gained skill, they would have to suffer lower wages, and there was nothing they could do about it.

It was an experimental set-up, and not until Whitehead's analyses were available did anyone know the tremendous effect this situation had. If the management could have known at the time, it certainly would have introduced into the group a top ranking girl from outside, who was more nearly level in skill, or it would have given the new girl intensive on-the-job training.

This gives us pause to think about the whole effect of group incentive plans. The girls in this small group liked it because they could help each other. When one girl was not feeling too well, the others would pitch in and try to make up. And as the earnings of the group were going up all the time, they could feel and see the effect of their efforts on their pay.

They contrasted this with the state of affairs before they went into the test tube. There they had been working in a group of a hundred workers, and motivation to work hard was rather lost among so many.

But when circumstances changed, and their earnings went down, they showed the vulnerability of a small group for wage payment. Perhaps, the lesson to be learned is that small groups are excellent for the application of group incentive wages, but that workers in a group must be kept reasonably near level in skill, by selection or special training. Participation in this might be a good stimulant for the unofficial boss.

#### *Psychological Transfer*

The influence of Miss Ambitious, who had had such a splendid record,

and who had done such a swell job for the company in the experiment for three years, finally became so bad that she was in grave danger of being transferred, if not discharged.

An example of her change in attitude was the fact that she questioned and influenced the other girls to question the accuracy of their pay, and had everyone checking it in suspicion that the company was trying to cheat them. Previously, when she was doing a real leadership job, and was really interested in what was in her pay envelope, it did not enter her head to question the company's fairness.

Had a labor organizer come along at this time Miss Ambitious might have led the group into the union, and become an aggressive leader in its activities. For her character was such that though she might pass through a discouraged period of social playing about, she would seize the first opportunity to get out of it into a position of real leadership, either for or against the company.

#### *Workers, Foremen and Managers*

Professor Whitehead, and others who have been studying these matters with Dr. Elton Mayo, say that in every company there is an informal social structure as well as the formal company organization, and that frictions arise when the two do not correspond.

The formal structure of a company consists of workers, above them foremen, above them supervisors, above them superintendents, above

them division or plant managers, and so on up the line.

But among the workers are groups of varying sizes, informally led by worker bosses who determine in large measure the attitudes of their fellows. And the foreman who wants to get the gang to do his will must not buck the will of the worker boss, or he will find only nominal compliance with his wishes. The good foreman, of course, knows the worker boss and secures his coöperation. (We are not thinking specially of unionized groups, for this informal structure exists in all factories. In unionized groups the informal boss often has his leadership become official as shop steward.)

#### *Nominal Compliance*

If the foreman were the official as well as the unofficial boss there would be exact correspondence of Whitehead's formal and informal structures. But we doubt if this is often the case. So the official foreman must work with the unofficial worker boss.

At the foreman level there also will be found unofficial foreman bosses over groups of foremen, sized perhaps from six to twelve. And the foremen give only nominal compliance with an order from the superior officials of the company, unless it fits in with the ideas of their own unofficial leader.

#### *Personnel Research Pays*

So we see the tremendous importance of unofficial bosses in com-

pany affairs. The job that Professor Whitehead has done in analysing and describing the actions and motivations of one of them, and the reactions of her followers is the most outstanding piece of personnel research yet reported.

Finally this study shows that personnel research pays for itself. There is very little real personnel research done in companies today, the main given reason being that companies cannot afford it. Yet in the case of the Western Electric Company research here discussed we find production increasing from the very start, and output of the group of participating workers averaging a fifty per cent increase for five years. We are confident that all well designed and carried out research studies, even of an apparently abstract nature such as this was, would be equally profitable.

*As the radio commentator might say, "For further details read the literature." Reviews I and II are of THE INDUSTRIAL WORKER, by T. North Whitehead, Cambridge, Mass.; Harvard University Press, 1938, 2 Vols. Price \$5.00.*

*In view of the importance of the work it was felt best to digest and comment on its contents rather than to present an orthodox critique. Personnel men are strongly advised to study it closely, for in it they will find a multitude of suggestions of direct use in tackling their own problems.*

*We have made every endeavor to be accurate in interpreting Mr. Whitehead's findings, and asked to be excused for any inaccuracies that unwittingly might have crept in.*

"Though I was Very Tired, My Work  
got Started Fine. I Did a Job in an  
Hour That has Taken Five or Six. It  
Seems That the Lord takes Care of  
a Man when He is Tired."

# Forty Facts *about* Workers

REVIEW II  
By CHARLES S. SLOCOMBE  
Personnel Research Federation

(1) Workers start slowly at the beginning of the day, their production being 5% under the daily average. After lunch their output is off about 3%.

(2) Monday working rates are 5% to 10% less than midweek. Saturday rates are about 2% less.

(3) There is a gradual and slight downward trend in production starting two weeks before vacation. During first week after vacation rate is off 5% to 10%, but is back to normal in the second week after vacation.

(4) Working rate the week before Christmas is off slightly, and before each holiday.

(5) Winter and summer working rates are the same, that is there is no seasonal cycle in production rate.

(6) On the average, the amount of sleep the night before does not affect working rate next day. Nor do weekly hours of work (presumably within reasonable limits) affect the amount of sleep the employee takes.

(7) Menstruation of female employees very slightly reduces working rate, but the effect is much smaller than that of other factors.

## *Who Wants To Help Wash?*

(8) Girls do not like to take Monday as a day off on a short week. "Who wants to be home Monday and help wash?"

(9) Workers may like or dislike changes made in their working conditions, but generally their dislikes do not lower their production. For example, girls said,



"You can work better in cold weather," but statistics show little relation between changes in temperature and relative humidity and changes in output.

(10) Taking away rest pauses after they have once been given reduces output.

(11) Trying to work hard does not necessarily produce results. When a girl was not feeling well, and another tried by working extra hard to make up her production, (in a small group on group wages) it was found that no extra production resulted.

(12) There are daily and weekly variations in output of workers on piece rates, which are not understood by the workers, and which they do not seem to be able to control. This apart from obvious accidents, such as lack of materials, machine failure, etc., which always reduce production. Perhaps this is why they seem to like group wage methods, with small groups, to stabilize their wages.

(13) Changes in weekly hours, with concurrent changes in rest pauses do not have any corresponding influence on hourly production rate.

(14) Working rate is not modified by workers to make up for fluctuations in actual output, and therefore in wages.

### *Tempo and Style*

(15) Each skilled operator has an individual tempo and style. The style remains substantially unaltered no matter what stage of her job she may be engaged in. She seems to develop a flexible work pattern which is independent of the operation. (Motion study experts, and job trainers note).

(16) Changes in the type of relay assembled (i.e., presumably in type of work within limits) has no effect on rate output of skilled workers.

(17) There is a slight inverse relation between output rate and quality.

(18) Too much concentration often spoils work. A girl on being congratulated by the supervisor for putting up a good record said, "It was because my mind was far away. You can work better like that. When you think about your fingers, they get all tangled up."

### *Range of Indifference*

(19) There seems to be a sort of range of indifference to changes in conditions for workers. Within this range their output is not substantially affected by physical conditions, such as temperature or lighting? etc., or type of work. It is perhaps good that these matters should fluctuate within this range.

(20) The first effect of taking a great interest in the health of girls, as to fatigue, etc., is to increase their complaints about headaches, fatigue, sleepiness, etc. Though they complained about these things production was not affected. When the girls lost interest in their health as a factor in production their complaints ceased.

(21) Objections to frequent medical examinations in a study were overcome by making the occasion one for a little party afterwards, in which ice cream was served. Girls were then medically examined every six weeks for five years without objection.

(22) Employees raised to the status of collaborators do a much better job.



(23) When workers are under such motivation the shop foreman who tries to throw his weight about as disciplinary head causes trouble.

#### *Group Relations*

(24) Workers in groups may concentrate on production or on enjoying their group relations. It is a good plan to try to have their group relations stimulate their production.

(25) They will then discipline themselves, and the foreman's job is to maintain their relations with the rest of the company.

(26) Employees have an underlying resentment against the exposure of their traditionally private matters.

(27) Low output of a worker coming into a small group, does not cause animosity against her if she is otherwise liked, even though it means a dropping off of their wages.

#### *Executive Interest*

(28) The personal interest of high executives in workers, shown through visits to them at their benches, cannot suddenly be withdrawn, without adversely affecting morale and output.

(29) Loss of interest in work causes irritation, complaints about temperature, noises, tools, faulty parts supplied, wage calculations, etc.

(30) Girls may laugh and talk together, go to the movies together, etc., and yet their conversation be interlarded with quarreling and bickerings. During such a period their production and earnings may be unusually high. This is a psychological enigma.

(31) It may be explained on the basis of lag. That is routines and loyalties developed over a long period of time may continue to affect working habits, even when they do not fit in with present motives, or are even in direct contradiction to them.

(32) After a break such as a weekend off or a vacation the association with old loyalties may be found to be gone, and work depreciate to be in correspondence with present motives.

#### *Monday Changes*

(33) Changes in attitude really take place slowly, but become manifest suddenly, generally on Mondays or after a holiday.

(34) While management is painting the walls a pleasing color, or changing the payment system, or introducing rest pauses, what the workers take out of this managerial activity is that the management is interested in them. So morale and output goes up for a while, even when the technical advantage of the arrangement is negligible.

(35) Workers have a strong need for human and social relationships inside the factory, during which a large part of their waking lives is lived. They also integrate the outside and inside parts of their lives.

(36) With many workers living in cities, this is because they are not part of any stable social set or group. The nearest approach is the group with which they work or associate in the plant, that is apart from their families. And the family social group, particularly among immigrant families, is impoverished by the absence of cousins, and other relatives of the same age.

#### *Flourish and Flick*

(37) Workers tend to put frills on their work, to make up for the monotony of simple situations. For example, when girls finished at the end of the day, they generally did so on a halt row, instead of at the end of a row. This is as simple and absurd, yet presumably as satisfying as the flourish and flick with which a colored boy shines shoes. Does the motion study expert take all this simple joy out of work?

(38) The workers who put most frills on their work are the most intelligent, possess the highest job skill, and are the leaders of groups and their social activities.

#### *Psychology and Statistics*

(39) Changes in these worker relationships to each other, to the management and to their work can be measured, as to extent, qualitative nature and time of occurrence by new methods of statistical analysis developed by Professor Whitehead.

(40) A first class study of behavior psychology in industry never comes out with an answer to the original problem, but always with facts that are very much more valuable.

*As the radio Commentator might say, "For further details read the literature." Reviews I and II are of THE INDUSTRIAL WORKER, by T. North Whitehead, Cambridge, Mass.: Harvard University Press, 1938, 2 vols. Price \$5.00.*

*In view of the importance of the work it was felt best to digest and comment on its contents rather than to present an orthodox critique. Personnel men are strongly advised to study it closely, for in it they will find a multitude of suggestions of direct use in tackling their own problems.*

*We have made every endeavor to be accurate in interpreting Mr. Whitehead's findings, and asked to be excused for any inaccuracies that unwittingly might have crept in.*

In 1889 a Report to the English Parliament Stated, "Labor Quarrels have been More Frequent, on a Larger Scale, and More Pertinaciously Fought" Than Elsewhere. "The Fighting Organizations of Masters and Men have been Most Highly Developed."

# Industrial Relations *in* Great Britain

EXTRACTS FROM REPORT  
By PRESIDENT'S COMMISSION.

IN GREAT BRITAIN the expression "collective agreement" does not mean an agreement between a single employer and his workers, or even an agreement between a single employer and a union. It means an agreement negotiated collectively by representatives of a group or association of employers (commonly an industry-wide association), and representatives of a union or a group or association of unions.

Basic changes in wages and hours are commonly negotiated by the national unions not with each employer individually, but with associations of employers.

Increases in wages have generally been made by a flat amount of so much per hour or per week and this has had the effect of decreasing the

percentage difference between the unskilled and the skilled worker. At the same time, the differences between skilled workers in different trades are becoming less. In those trades where a cost of living bonus is applied (which is usually in the form of so many shillings per week rather than a percentage on the wages) this tendency of decreasing the percentage difference is again observed.

Except among the seamen and firemen in the shipping industry closed shop agreements are exceptional, and do not appear to be seriously sought for. Nevertheless we were told by both union and employer representatives that in some industries there is virtually a closed shop in practice, as distinguished from one by contract, the employers

preferring to engage union men and in some instances, at the request of the union, suggesting to particular individuals that they should join. The check-off is very exceptional and several union representatives stated their opposition to it.

### *National Agreements with Local Differences*

Great diversity appears in the collective agreements; in the provisions for wages, hours and working conditions, and in the procedure for the settlement of disputes. Many of the agreements with employers associations are national in scope, regulating the terms of employment of the members' employees, both union and non-union, in the categories covered by the agreements. Other agreements, though less frequently, are between unions and district, rather than national, associations of employers.

Moreover, even in industries where national agreements define the terms of employment with great precision, supplementary district or local agreements often exist. In the case of non-federated employers, individual agreements may be negotiated with the unions; when they are negotiated they generally conform to the national agreements. The extent to which standards set in the national agreements are observed by non-federated employers depends on the extent of union organization in the particular trade or locality.

Almost invariably either in the

collective agreements or in agreed-upon rules of joint standing bodies composed equally of representatives of union and employer organizations, there are provisions specifying the steps to be taken before strikes or lockouts may occur.

### *Settling of Disputes*

If negotiations on these basic subjects fail resort is generally had, either by the terms of the agreement or by mutual agreement at the time, to some impartial agency whose decision is generally followed, though the parties rarely bind themselves in advance to follow it.

Local disputes and grievances which cannot be settled locally are referred to employer and union representatives *who are not themselves directly concerned with the controversy*, and who can bring to bear upon it an informed and relatively detached judgment.

Necessarily some delay is involved in the process, though it is recognized that grievances must be dealt with promptly, and attempts are made to expedite the steps as much as possible, and some of the arrangements specify maximum time periods within which action, whether regional or national or both, must be taken.

Even the shortest procedure, however, has not always been effective; occasionally, where the grievance is an acute one, the men have not waited; as one union leader put it, "the temper gets in their souls."

*Outlaw Strikes*

Unofficial stoppages, that is, local strikes called without the approval of the national union and without completing the settlement procedure laid down in the agreements, have occurred from time to time in each of the industries in question, but rarely were they serious either in number or in extent and the national unions invariably sought and usually obtained a prompt resumption of work.

These local flareups, while not approved by either the unions or the employers associations, appeared to be regarded by those who met with us as a more or less inevitable accompaniment of the procedure adopted for the settlement of grievances and local disputes.

As has been said, the national officials of the union are energetic in procuring a resumption of work in instances where unofficial stoppages occur. The general principle that there shall be no negotiations while the workers are out on unauthorized strikes is insisted upon and generally maintained.

*No Rioting*

For the most part the conduct of strikes has been accompanied, at least since collective bargaining became generally accepted, by relatively little violence or provocation. In the case of strikes involving at the outset enough workers to make a continued operation of a plant

impractical, employers almost invariably shut down their plants and do not attempt to operate until the controversy has been settled by negotiation.

Several reasons for this practice were given us. In the first place, in the strongly organized industries it is difficult to obtain replacements, but even where organization is not extensive there is a general feeling among workers and employers that "the job belongs to the man" and that it is not right for men to take, or to be asked to take, the jobs of their fellows.

Secondly, collective bargaining having been generally accepted, there is confidence on both sides that the controversy will be settled by peaceful negotiations, and a desire on both sides to effect a resumption of work under circumstances as free from bitterness as possible, so that future strife may be avoided.

If follows from these policies that discrimination against workers and their leaders, if not wholly eliminated, is reduced to insignificance. In the case of strikes involving only a portion of a plant, the plant may be operated with the men who remain at work, but they are not usually asked by the employer to do the work of the men on strike; order is generally preserved and men are not forcibly prevented by picket lines from going to or coming from their work.

Violence on the part of the workers, and provocative tactics on the part of the employers, have not for

a long time played any significant part in industrial disturbances, and that the chief reliance for the maintenance of industrial peace in Great Britain is placed on the settlement of all issues and differences by the voluntary collective bargaining methods already described.

### *Jurisdictional Disputes*

Methods have been evolved for the avoidance or settlement of disputes between unions. These disputes involve questions of two sorts. The first is whether a particular operation should be performed by one type of craftsman or another—the so-called jurisdictional disputes. The second question is whether one union or another shall organize a certain type or group of workers—the so-called organizational disputes.

For the settlement of jurisdictional disputes (or demarcational disputes as they are called in England) the General Council of the Trades Union Congress has had power to summon any contending unions to appear before a Disputes Committee of the General Council—the Committee being composed of members having no connection with the unions involved in the controversy.

The Disputes Committee decides the case, and in case of non-compliance the General Council may suspend the offending union until the next annual Congress, the Congress having final authority to deal with the case whether by way of readmission, further suspension, or exclusion from membership.

These methods have been generally, but not entirely, successful in avoiding stoppages of work from jurisdictional difficulties.

### *Organizational Disputes*

The Trades Union Congress, composed as it is of craft, industrial and general unions, has consistently taken the stand that no union has an exclusive right to organize any class of worker. This principle has not been formally embodied in resolutions, but it has been repeatedly applied in the decisions of the Disputes Committee, which the Congress has endorsed.

By formal action of the General Council, endorsed by the 1924 Congress, further principles were adopted: (a) that all union membership applications "should contain an inquiry to be answered by the candidate as to whether he is or has been a member of any other Union, and, if so, what his financial relationship to that Union is"; (b) that no member of any union should be accepted by another without inquiry from the union concerned, or be allowed to escape his obligations by leaving one union while in arrears and joining another; and (c) "that under no circumstances should a Union accept members from any other Union which is engaged in a trades dispute."

### *No Compulsory Arbitration*

In keeping with this general philosophy, the idea of compulsory statutory arbitration of industrial disputes is opposed. Though some collective

agreements bind the parties in advance to abide by arbitration in the case of local disputes and grievances, provisions of that sort appear to be rather infrequent; and sometimes there is an express provision that the "arbitration" award shall not be binding, though it is usually accepted.

#### *No Court Enforcement*

In Great Britain the term "trade union" is not limited in its meaning to labor unions. It embraces combinations of employers as well as combinations of workers to regulate the relations between employers and workers, or among workers, or among employers.

Although the 1871 Trade Union Act legalizes trade union contracts in restraint of trade it provides that such contracts cannot be directly enforced in court. The practical effect of all these statutes is that agreements between employers associations and labor unions or associations of unions rest upon good faith rather than upon legal enforceability.

#### *Unions Cannot Incorporate*

The Act of 1871 prohibits the registration of trade unions under the Company Act; in other words, they cannot be incorporated. Voluntary registration of trade unions was provided for under the Trade Union Act of 1871, and voluntary certification in lieu of registration by the Trade Union Act of 1913.

The principal benefit of registration is that it enables a trade union to carry on its affairs through a board of trustees that has continuing existence; and the most considerable further benefit is a limited exemption from taxation of its benefit funds.

The major obligation of a registered union is to file with the Registrar an annual account of its general funds (as well as its political funds, for which every trade union must account, whether registered or not); and the most important further obligation is to file with the Registrar a copy of its rules, which must state the name and objects of the union and the provisions for benefits, for fines and forfeitures and for amending the rules; and which must include provision for appointment and removal of trustees and officers, for the investment of funds, for an annual audit, and for inspection of its books and names of members, by every person having an interest in its funds.

#### *No Power to Supervise*

The Registrar functions only administratively, to see that the rules do in fact contain such provisions. Beyond this he has no power to require any particular form of organization, or to supervise the conduct of a trade union.

An unregistered trade union has neither these benefits nor obligations. Under the 1871 Act it has legal status, but must sue or be sued by a more cumbersome procedure.

The benefit of certification in lieu

of registration is that a certificate is convenient and conclusive legal evidence that the certified union is a trade union and is therefore entitled to the immunities from suit granted by sections 1 and 2 of the 1871 Act and by the Trade Union Act of 1906. Certification, like registration, is not required, and certified unions are not required to file copies of their rules or accounts, except their political accounts.

At the end of 1935 less than half the trade unions were registered, but those contained about three-quarters of the total union membership in Great Britain.

The fact of registration or non-registration is a matter of no interest to employers; and unions, whether registered or unregistered, are authorized by the government to assist in the administration of the unemployment insurance law, provided they maintain their own employment exchanges or branch offices to which unemployed men in the particular industry may be sent to get their payments, and provided that they also have their own unemployment benefit plans and pay out certain minimum amounts therefor.

### *Government Interference*

The British Government has taken for many years an active part in the voluntary arbitration and conciliation of industrial disputes and in furthering the establishment and growth of Joint Industrial Councils.

(1) *Arbitration.* The Minister of

Labor, as we have noted, is sometimes called upon under the provisions of collective agreements to appoint impartial arbitrators or chairmen, and for this purpose the Ministry maintains a panel of qualified and experienced citizens who are willing, when called upon, to serve in such capacities. The existence of this panel, with its known composition, accounts in part for the confidence with which clauses of the sort described are incorporated, here and there, in agreements.

(2) *Conciliation.* The Ministry also, pursuant to the provisions of the Conciliation Act of 1896, maintains a staff of full-time trained conciliators, with divisional offices in Bristol, Birmingham, Leeds, Manchester and Glasgow. Their duty is to keep intimately in touch with industrial conditions in the areas which they cover, to anticipate trouble and if possible forestall it, and to shorten it as best they can when it comes. They have no power, and their success depends on their skill in conciliation.

(3) *The Industrial Court.* By the Industrial Courts Act of 1919 a permanent Industrial Court was created to decide controversies submitted to it by the Minister of Labor with the consent of both parties, after (and only after) any existing joint machinery for settlement had failed.

### *Avoidance of Precedents*

Many of the cases, referred jointly by national organizations of em-



ployers and workers, have involved the determination of national wage rates; other cases have involved a particular locality, or even a single plant. Unless otherwise agreed, the Court's awards are not binding; but they are generally accepted.

They are expressed in the form of decisions, with a full statement of the rival arguments, but without an opinion. The absence of opinions has been occasioned by the desire of both sides in some industries to avoid the application of precedents to their disputes. The result has been to avoid, rather than to foster, the development of a body of industrial case-law.

(4) *Courts of Inquiry.* The act of 1919 also authorized the Minister of Labor, in any industrial dispute, to appoint a Court of Inquiry to make an investigation and report.

Under the law the appointment of a Court does not operate to stop or postpone a dispute; the purpose is to expose the facts and to bring public opinion to bear on the merits.

#### *Wage and Hour Boards*

(5) *Trade Boards.* These activities of the Ministry of Labor have been effectively reinforced by the Trade Board Acts which authorize under certain conditions the creation of boards (composed of representatives of employers, employees and the public) having power to fix minimum wages and to declare normal working hours (with overtime rates thereafter) in particular industries.

Following in part the second report of the Whitley Committee, 1918, Parliament amended the Trade Board Act, 1909, which had limited the application of Trade Boards to "sweated" industries, to permit the Minister of Labor to set up a Trade Board in any trade in which, in his opinion, "no adequate machinery exists for the effective regulation of wages throughout the trade, and that, accordingly, having regard to the rates of wages prevailing in the trade or any part of the trade, it is expedient that the Acts should apply to that trade."

Thus, although there are no laws to compel union recognition, or to compel collective bargaining, and the government consistently maintains the principle of non-interference with voluntary collective bargaining, yet in industries having no effective organization and excessively low wages the government may, and does, set up Trade Boards to determine minimum standards by legislative and administrative processes.

Eight trade boards were set up under the 1909 Act. There are now, under the 1918 Act, over forty trade boards in operation. In the year 1938 the Trade Board Acts were applied to the baking trade and an application of the principle was made, by special legislation, to road transport. In this legislation the Boards are expressly empowered to set up machinery for the settlement of local disputes and grievances, and to promote the voluntary organization of employers and workers.

(6) *Hours and Wages Laws.* The statutory fixing of maximum hours (aside from the power of the Trade Boards to declare the normal hours of work per day or week after which overtime rates apply) is limited to the fixing of hours of underground labor in the coal mines; the hours of service of certain railway and road transport workers, and the hours of work of women and young persons in factory employment.

*Fair Wages on Government Contracts*

On March 10, 1909, a resolution passed the House of Commons that Government contracts should require the contractor to "pay rates of wages and observe hours of labor not less favorable than those commonly recognized by employers and trade societies (or, in the absence of such recognized wages and hours those which in practice prevail among employers) in the trade in the district where the work is carried on."

Responsibility for the inclusion of such fair wages clauses in Government contracts rests with the several contracting departments, but an inter-departmental coordinating committee, the Fair Wages Advisory Committee, has been set up. The Local Government Act, 1933, requires (sec. 266) that all contracts entered into by a Local Authority shall be made in accordance with the Standing Orders of the Authority; and there is an extensive inclusion in such Standard Orders of the Fair Wages Clause in the same or similar terms.

By the Road Traffic Act, 1930, and the Road and Rail Traffic Act, 1933, the Fair Wages Clause was made applicable to the road transport industry, and under the new transport legislation the clause, with modifications, is still applicable to private carriers who carry their own goods, not for hire.

*Government Asks Advice*

The Government has learned that drastic economic changes in policy should not be undertaken without the fullest consultation with both labor and employer organizations. Such consultation had been general throughout the war, and we were informed that today, before legislative or administrative action is taken that may affect labor, its continuity of employment, its wages, hours, cost of living, or working conditions, the views of labor and employers alike are invariably sought.

This governmental recognition and utilization of the services of these organizations is thought to have a part in enhancing their public standing and increasing their sense of public obligation and the breadth of their viewpoint.

Labor and employer organizations have been further strengthened by the frequent support and encouragement which they render to each other. Repeatedly employers and representatives of employers organizations stated to us that they preferred strong unions to weak ones, because the strong union is better able to

secure the fulfillment of agreements and is better able to bring competitors up to the wage and hour standards of the industry, as set by the agreements.

Repeatedly labor representatives stated to us that they preferred strong employer organizations to weak ones, because the stronger the organization the fewer the units which remain outside to undermine industry standards.

#### *Union Leaders Appointed*

The national unions have great stability without which such machinery could not continuously function. This stability, we think, may be explained by a number of factors. In the first place, in many of the unions the administrative officers are not subject to annual election but are appointed during good behavior by an elected executive council or board (normally elected each year), and in practice they generally continue in office until retired, provision being made for automatic retirement at a certain age with a pension. Measured in terms of the men's wages and superannuation benefits (which are provided by most of the larger unions) the salaries and retirement pensions of the officials compare favorably.

With reasonably assured tenure these men acquire knowledge of the problems of their industries through repeated personal contacts with the

employers and through the process of negotiating national agreements.

The large funds administered by the principal unions in the way of unemployment, sickness and accident, superannuation, funeral and other benefits may furnish an additional element of stability.

#### *Labor Standards Improvement*

Improved industrial relations in Great Britain have been reflected in the trend of hours of work which have been reduced, during the last twenty years, from fifty-four to forty-eight or in some cases less, and by the changes in the real wage level which for manufacturing and railways has risen approximately 16 per cent since 1924, according to the figures of the Ministry of Labor. These factors, together with improved machinery, better technology and improved organization of industry, have contributed to a higher standard of living.

Finally, and most important, the acceptance and general practice of collective bargaining on an industry basis places upon the employers' and workers' organizations, because of the sheer numbers of men and the magnitude of interests involved, a peculiarly heavy responsibility calculated by its very nature to call forth patience, understanding, and a desire to make and keep agreements and to achieve industrial peace.

Colonel Somervell, WPA Head, New York City Maintains that He Can Exceed the Efficiency of Contract Jobs with His WPA'ers, but That has Nothing to do with the Unemployment Problem in New York City.

## Jobs *for* *the* Jobless

By GLENN E. JACKSON

State Department of Social Welfare,  
Albany, N. Y.

THE widespread, rather ambitious and new projects that the Government has set up to deal with the unemployment problem are expensive. They do not reduce unemployment so some folks are beginning to offer utopias, catch-alls, easy solutions. One of the services we can render is to check and liquidate some of these over-simplifications.

### *Shovel Leaners*

People looking at the extension of the problem through seven years say, "The trouble is the WPA. They are shovel-leaners." It is all right to criticize Federal operations. But it doesn't have anything to do with the problem of solving unemployment, to manage affairs so that these people

stop leaning on shovels and every one of them become one hundred per cent efficient.

In Cleveland last June, the day after the Federal Government had "upped" their quota of WPA'ers several thousand, most of those thousands could be seen on Euclid Avenue, not only not leaning on shovels but not leaning on anything. The management of the WPA there did not have the resources and shovels even to give one to each man to lean on. The management had not been resourceful enough to think up enough jobs so they just kept them out on Euclid Avenue. Probably some of them worked for an hour or two and others for an hour or two.

Who is to blame for that? Certainly not Washington, if we epit-

omize by Washington the national rules. There is nothing in the WPA rules that says they shall work that way. No, our American system has not yet learned what to do with thousands of people who must be set to work quickly on enterprises that do not compete with nor substitute for going enterprises and city life. We have not as yet enough imagination, enough group thinking, enough municipal planning, to know what to do with thousands of men who are there with the money supplied out of taxation to pay their wages—we don't know what to do with them.

*So What?*

But, suppose we did? What has that to do with solving the problem of unemployment? What difference did it make to the unemployment problem of Cleveland whether the men leaned on shovels, sat around or worked one hundred per cent efficiently?

Colonel Somervell of New York City maintains he can exceed the efficiency of contract jobs with his WPA'ers, but that, according to our observation, has nothing to do with the problem of unemployment in New York City. It does raise the question—and Mr. Somervell knows it—that, because of that, he has to keep stimulating New York City to think up more projects than other cities.

The point is—if we dramatize it by placing on the right side the thousands of people employed in

industry and on the left side the thousands who cannot be employed profitably in industry—that it is of little concern to us what the thousands on the left do until industry is ready to bring them back into its folds on the right. We can disregard for the moment the social considerations of the way they are treated, whether their skills are lost in the loafing period, and the like.

*Detectives Chase Chiselers*

Then some say, "The trouble is the relievers. They are chiselers, they won't work, they don't appreciate what they get." And so forth.

All of the studies we have made yet, all of the things we have observed, deny those allegations. The best studies that have been made would indicate that around five per cent of people on relief might be gotten off relief by substituting detective methods for social worker methods. One such agency offered its services to a large city in Ohio. After the expenditure of thousands of dollars of money on that experiment they came to the conclusion that by using all the detective methods that are known they could not discover more than seven per cent on the relief rolls of that city that did not deserve to be there.

But it does not matter whether the percentage is seven or seventeen when it comes to solving the problem of unemployment. Suppose it twenty-five—so what? If those twenty-five per cent would refuse relief, they

must do one of two things: They must live for admittedly a brief time on the hidden resources they have, or they must do immediately what they would have to do eventually, apply for a job. And where are the jobs?

*Is \$20.60 More Than Job Pay?*

A third point: "The trouble is that relief is too attractive and they don't want to go to work." The fact is that relief, this relief that is too attractive, averages \$20.60 per month in the United States, and the average family contains four and three-sevenths persons.

Can you figure out how an average family of four and three-sevenths persons can live a very attractive life on \$20.60 a month? If it be too attractive it is in contrast to the state of the family if the wage earner were employed. And if it be true that thousands of American families did not have that much income, then it seems to me it was a good time for us to learn that fact and recognize that besides being a very prosperous country thousands of people were living below a subsistence level.

In any case, again, suppose relief were attractive, is it not true that until signs are in the window, "Man Wanted," it makes little difference whether this scheme of things on the left side is attractive or not attractive, whether we lean on shovels or don't lean on shovels?

Years of observation in the State of New York show hours and hours of

time spent with protest groups seeking to get on work relief? The whole attitude of the men on relief, so far as we know it intimately, is to work—to go from home relief to work relief—and to go from work relief on to industrial jobs.

Occasional experience with a man who won't take a job is found to require that he shall completely neglect his bargaining ability, he shall place it in the background; he shall not ask the conditions of work, how long it will last, and the rest; but because he is on relief he must accept work of any kind. Can we ask that that happen?

*Should Uncle Sam Dispense Silk Stockings?*

What do we want the Government's rôle to be in this whole problem? Do we want it to subsidize markets? Do we want it to subsidize and save collapsed businesses, banks, collapsed or failing farmers? Do we want it to come to the aid of disaster victims, and under what conditions? If we want it to save the drought farmers, do we want it to save the flooded factory owner? And if we do want both of those things, do we want it to save most any business?

This problem faced Governor Lehman when a flood hit southern New York State. He came to a city where the flood had completely ruined all of the machinery in a silk stocking factory. The owner said to the Governor "Isn't there some-

thing I can do, some way in which I can save this business, some way I can get on my feet again so that I can give employment to these people who are going to lose it because I have lost my factory?"

Should the Government go in there and subsidize a new silk stocking factory. Perhaps the silk stocking business could get along without that factory. Perhaps it was a surplus one. Just as there is surplus of wheat in the land, maybe there is a surplus of silk stocking factories. If you save one of them, then perhaps you would have to buy the silk stockings to distribute to the relief people, thrown on relief people because another factory is closed.

### *The Competing Mattress*

Self help schemes which many advocate raise a sharp issue with business. In Rochester, New York, it was once proposed that some surplus cotton be shipped in. There were some idle mattress factories there. There were people without jobs there. There are people on relief that need mattresses. So it was proposed that the jobless be put to work processing the cotton into mattresses.

But the mattress people, argued with Washington that the mattresses would last longer than the people would be on relief. When a man got off relief his mattress would lie there on the bed competing with the mattress he might otherwise buy.

It is an interesting phenomenon but a rather fine point, as to whether

business is going to continue to insist on making money out of those whom it cannot employ. If it can, somehow, manage not to insist on business from those whom it cannot employ, then it would be possible for the government to develop coöperative arrangements and work projects among the unemployed so that the societies of unemployed will go a long ways in supplying their own needs.

We are ill advised if we propose to support in large part the needs of people on public assistance or on relief by those commodities that come from a pegged market known as surplus commodities. To a relief administrator that is a "mess." Let us point to an interesting experience we had with wheat.

### *Bread Eaters*

Our best estimates of national production are 1,100,000,000 bushels for this year.

At the present rate of consumption of those who can afford a balanced diet of head lettuce, meat, etc., and a little bread, and of others who, having little meat or head lettuce, eat much bread and cereal there is an annual consumption of 675,000,000 bushels. It is estimated that if everybody had the variety of food that middle class people enjoy, consumption of wheat would go down to 475,000,000 bushels. The people on relief are eating a disproportionate amount of wheat because of their limited diets.

If all of the people were forced to consume wheat at the present rate of the people on relief, we could consume 890,000,000 bushels. But we have just raised 1,100,000,000. Therefore, relief administrators in other states must have faced the same problem we are facing in New York State at the present moment, when there are almost daily carloads of wheat pouring in, and we are being asked to distribute it to people on relief.

### *Mayor LaGuardia In Action*

An interesting little incident happened in the office of Mayor LaGuardia. He was asked the question from our office, "Will New York City accept 135 carloads of flour?"

You would think the mayor of a city wrestling with relief problems and facing unemployed councils who say they are not getting enough relief would say, "I should say we will."

But not Mayor LaGuardia! He happened to be meeting with a delegation from some women's society.

He turned to the first lady and asked, "Do you bake your own bread?" The answer was, "No."

"Do any of you seven ladies bake your own bread?" They said, "No."

"You all buy it from the bakery?" he then asked. "Yes."

He called up the relief administrator, Commissioner Hodgson, and asked, "What proportion of the people on relief in New York City

have facilities for, and bake their own bread?"

### *Carloads of Grain Thickening*

Commissioner Hodgson said, "We have studied this and found that very few have facilities for, or bake their own bread."

The Mayor said, "That is what I thought. You tell Albany we can probably use 30 carloads of flour and not 135."

We sent the 30 carloads but they can't get the people to take them all. So you see it won't quite do just to say, "We grew a lot of wheat, isn't that wonderful? People are starving so let's give it to them."

"If people don't have facilities for cooking the flour, let's give the flour to the bakers and let them bake it; we will pay the bakers what it costs to make the bread and distribute it."

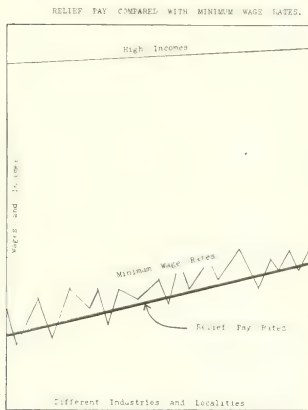
That is what we thought, until the bakers answered us and said that to bake it and distribute it to various relief stations in the morning would cost us four and a half cents a loaf. We can let our relief people buy their own bread and pay only a penny more than that. They can get it themselves in far more satisfactory fashion than having to travel every morning to a relief station to get it. The whole business was quite impractical.

Maybe we ought to force them to go to relief stations and get it. Maybe we ought to give flour tickets. It is more complicated than human ingenuity has yet been able to solve.



### *Government's Job*

Whatever else may be done, foolish or otherwise, the Government, so long as this problem lasts, must go on supplying a well-conducted, effective public assistance program.



What ought the standards of living to be on that, and the conditions? A little graph of just a few simple lines might help us to see. One line represents the top incomes in our national life. At the bottom a line represents absolutely no income. All of our folks fall somewhere between these two lines. Part way down is a line which we can call the minimum wage line, varying as to different

individuals, different industries, sections of the country, and the like.

After those working lose their employment and having exhausted their resources apply for public assistance at what level should that public assistance be? Rightly or wrongly, the line is about where the heavy black line is shown. It falls admittedly above the low points.

### *Relief Pay Up To People*

Businesses that hire people at low point wages are those businesses that talk about Government relief being more attractive than industry? Of course it is, but one of the issues that faces American people is whether they wish under all conditions that the public assistance level shall be under the lowest incomes in industry.

The public assistance program must combine work and grants. It must be a better developed work relief system in which the municipalities involved take a more active part, in which the states have a more active part than in the past; but which is still centered in a national program. This work should be more variegated in nature and should be such as will as far as possible conserve the skills of the man for his possible return to industry, and where possible should develop new skills. Self-help should be encouraged to the limit.

*Based on a talk delivered at the 1938 Silver Bay Industrial Conference. By courtesy of the Industrial Service of the National Council of Y.M.C.A.'s.*

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Deeper Trends at Work upon and Through Industry. Personnel, Executive and Corporate Problems Seen as More Easily Capable of Solution when Treated with Community Problems of Which They Are Segments.

# Industrial Relations 1939 Model

By **ORDWAY TEAD**

Harper and Bros., New York

OUR best in industrial relations now goes beyond the narrow confines of employee sentiment inarticulately voiced in collective bargaining by bewildered wage earners in a day of intellectual confusion. It goes beyond this because of our responsibility for aiding the development of true democratic leadership. It is our business to know where our total economy is at, in what direction it is set, and what light from all angles of scientific knowledge, psychological, biological and economic, is shed upon our problem by broad and continuing studies of the big social forces about us.

(1) Personnel work is not a mere accommodation to employee attitudes and demands regarding wages, hours and working conditions. There is and always has been that

element in it. But whereas ten years ago we did not take sufficient account of such attitudes, there is danger that today our efforts and our vision may be circumscribed by them. Personnel work is at bottom the utilization of the best scientific knowledge to the end that organizations as a whole and the individual persons which compose them, shall carry out economic and other functionally necessary tasks to the largest total human advantage.

## *Production of Personalities*

It acknowledges today as never before that production as a necessary means to human survival is only one manifestation of the human desire to live well.

For example, unless production is

carried on more in ways that take full account of the need for personality growth, people will literally turn away from it as hateful. The progressive shortening of hours by reason of seemingly economic and legislative forces, has behind it, I am confident, an unspoken rebellion against production under conditions felt to be boring and stultifying to personality.

This subtle revolt against prolonged hours of work needs to be understood. Production has not become less necessary; it has become more important as population has increased and as consumer desires have expanded; it has become technically more readily possible of attainment. With proper planning and utilization of plant, we could produce more bountifully and more cheaply.

But one condition of doing this is to surround the operations of work with a worker support which comes from an increased sense of personal dignity and pride. This is the job of personnel work,—more important today than ever. The production of personalities has, in short, to be brought to the fore in industrial thinking and planning. And this means for us a new concern with basic attitudes within the plant and the community conditions outside the plant.

#### *Worker as Citizen*

(2) Personnel work of a pioneering sort reaches out to discover the com-

munity forces playing upon workers for good or ill.

The worker is a person who spends two-thirds of his life away from the shop. His life means something and becomes a total creative project only if his family and community relations are basically decent and variegated in the possibilities held out. Thus he is a citizen with power to help determine community, regional and national affairs. He becomes most wisely enfranchised as he becomes organically a part of all the constructive local agencies, and when his employer helps this process by cooperative guidance under broad social motives.

Specifically, this has reference to securing improved housing, to measures of public and group medical and hospital work which are coming on so rapidly, to improved integration of public education with adolescent and adult needs, and to the whole new program of leisure time activities. In these areas, personnel managers need not stand aside and watch the procession go by. But their participation must be at the level of community needs, not of corporation desires.

Their efforts here should not be paternalistic or politically dominant through local wire-pulling, but be truly democratic. They will try to see the structure of life activities which made, for example, the New England township of a hundred years ago a fine and fruitful expression of the total personalities of its citizens. And they will try to recover for the

modern industrial community the benefits which township living then provided. For the essential features of that life were a wholesome combination of work, play, family, neighborhood and church life, which did in fact provide for individualized personal growth.

### *Culture of Cities*

A number of influences have recently been at work to sharpen the sense of all of us that the worker is not simply a shop person living in a vacuum as soon as he walks out the factory gate. Among these—as they have found formal expression—are the regional studies, notable among which are those of the National Resources Board, the two studies of Middletown by the Linds, Lewis Mumford's latest volume, "The Culture of Cities," Odum and Moore's work on "American Regionalism," Walker's study of Minneapolis, George Leighton's forthcoming examination called "Five Cities," and Klein's "A Social Study of Pittsburgh." As the National Resources Committee's Report on Cities says, "Recreation, education, welfare and health are the most rapidly growing urban public services." And they are rapidly growing because of a perception throughout the nation that life is more than work, and that fulfillment of life requires enrichment of experience in family living, in better uses of leisure, in adult education, in higher housing and health standards.

The truth is that the responsible expression of complete citizenship of our workers is a necessary part of their mature experience. We help to this end only as we rise above a narrow attitude of corporate emphasis and influence in local affairs. If this narrowness were to persist as personnel and other leading executives go out into community activities, they would only defeat their own ends. They would be suspect as partisan; and their possible educational leadership would be lost. To help bring our workers to share in running local affairs is an essential personnel requirement.

### *Harvard, Houser and Hersey*

We have today various efforts to sound and register employee opinion. The work of the Harvard group at Hawthorne, of Houser, of Rex Hersey and a number of others comes to mind. One feature of these studies and techniques deserves mention here, —namely, that if and where they reflect employee sentiment as being concerned only with internal plant conditions as these affect workers, their reports are likely to be interpreted in a misleading way. For they lend themselves to the conclusion that because in a given limited situation, employee reactions *seem* narrow and unconcerned with broader issues, *therefore* no workers as voters are concerned with broader issues.

I submit that such a conclusion would be false to the facts of political balloting as we have seen these in

recent years. In other words, samplings of employee sentiment by methods designed to draw forth reaction to company policy do not reflect workers' sentiments on larger economic and social issues, and should not mislead us into thinking there is no sentiment among workers on the kinds of influence here being considered as having an effect on personnel policy. The Gallup polls (the American Institute of Public Opinion) seem on many items of sentiment which should interest personnel executives to be far more indicative and suggestive of actual trends in employee thinking.

#### *Consumer and Community Views*

Moreover, we should not, in our studies of employee attitudes, make the mistake of concluding that, in their present vocal form, such expressions necessarily represent all or even a major part of the total community sentiment with which we have to cope.

Public utilities and department stores which have worked on these lines have found out how true this is. They have discovered that consumer and community sentiment is also important, and by no means necessarily the same as employee expressed views on many points. But the rest of us in other industries tend to view—even where we never quite voice it—that if we take account, by some alterations in relatively minor matters, in acting upon what employees are thought to be

thinking, we shall be doing our best in personnel policy.

#### *Groping for Freedom*

(4) As I sense it, in America today more people are groping and are concerned in more different ways—both organized and unorganized—to preserve the essential liberties of the common man, than ever before. The experiences of Fascist countries have frightened and bestirred many formerly complacent groups into protests and activities to this end. We must remember that for each generation the form which the struggle for freedom may take, and the institutions in relation to which criticisms of oppression may be voiced, shift and differ.

Today the issues of freedom center initially around the search for livelihood. And it is to the practices of the organizations which you and I are helping to manage that the criterion of freedom is being searchingly applied. "Can I have work? With what security of tenure? With what disciplinary measures enforced? With what policies governing discharge and promotion? With what form of effective representation to voice my ideas?" These are the queries that spell the beginnings of freedom or of its lack for millions today.

In larger part than we often think, freedom of thought and utterance, opportunity to advance commensurate with individual powers, freedom to grow as persons are too limited. They are qualified by economic inse-

curities and by treatment of workers as only means to the success of corporations.

### *Personnel Plans as Substitutes*

The demand for freedom may be temporarily assuaged by material things—group insurance, company housing, a community well-planned and ordered by the employer, guaranteed annual wages, or other devices. Yet we have but to open our eyes to see how temporary in basic satisfactions to workers these have proven. Our Kohlers and our Hersseys of varying degrees of paternalistic kindliness, must surely have come to see that theirs is no adequate answer to what the human spirit seeks in our day in our land.

People surrounded by vast exhibits of their fellowmen's insecurities will, of course, clutch greedily at what seems an island of safety for them. But as personnel workers we should take human nature at a higher valuation. We can no longer trade on insecurity. We can and must, if our professional competence is to have any content, be the conservators of human freedom and personal growth for those among whom we labor. And this is no mere phrase but has to do with our conduct within the company and in the community.

Unfortunately we have too little knowledge of the social psychology of groups of workers away from the bench, with regard to their organized desires—their behavior in families, in neighborhoods, churches,

labor unions and in political efforts—what prompts it and what its aims are as affecting attitudes manifested in the shop. So we must guard against the danger that our employee studies may become so onesided that we fail to realize other influences which play upon the workers' minds.

### *Cheap and Docile Labor*

(5) We are now, in point of our command of manufacture, where we can use machinery, electrically driven in less congested localities. Decentralization is a practical and increasing reality. In relation to raw materials and to markets alike, we are already balancing factors of location afresh. But we can and must take account also in a wholly new way of human and community requirements.

The relocation of industrial plants has been going on for some time. But from now on it can be guided by deeper and wiser determinants than it was ever before possible to employ. Community and regional assets can be weighed to new advantage to the industry, to the worker as citizen, and to all as free personalities.

If it be said that deciding factors affecting plant location in the past have been largely in terms of cheap and docile labor and handy raw materials, it can now be said that a more elaborate calculus is being brought into the reckoning. A mature and experienced personnel management point of view includes a weighing of such vital factors as health, housing,

recreation, social life and educational facilities.

ing with electricity will happen with gasoline.

### *Workers and Regulation*

### *Privacy in Public Matters*

(6) The line between private and public enterprise is being progressively more and more blurred. Whether we may have limited dividend corporations, public corporations, modern self-governing guilds, consumers' cooperatives operating factories, or some combination of all these and other forms, is of less importance to us than is our realization that workers—manual and white-collared—and farmers as representing a considerable fraction of our democracy, will probably stand behind and vote for more, rather than less, operation of our economic agencies for use. And if this is true, it affects vitally the whole motivation and attitude of our workers to whom our personnel departments are ministering and appealing.

I emphasize that I am here merely analyzing forces at work. As we look out today at the operations of banking, stock and commodity exchange regulation, milk controls, normal wheat granaries, publicly financed housing, we would be blind not to see a process of community cooperation at work in the city, the state, the region and the nation.

All this is not necessarily an exhibition of human perversity or political partisanship. It is equally susceptible of being interpreted as a growing sense that the notion of "privacy" in the conduct of affairs deemed to be vital to everyone's well-being, is slowly being abandoned. Where large numbers of people are joined together in socially essential services, the fact of public interest becomes clearer and clearer.

### *Compulsion of Starvation Threat*

All of us now generally accept publicly maintained highways, water supply, sewage disposal, education, letter and package transport, protection against theft and fire? Every step in the progressive shift of these and other services from private to public handling had been met by furious resistance. But what has been invoked and what will be invoked again and again is human need—some life urge crying for better and more universal satisfaction. What has happened with water will happen with milk; what is happen-

(7) The new important element in this required cooperation of large groups of people is that whereas in the past it has been enforced by the need of millions for employment as a condition of livelihood, we see now the need for having this necessarily collaborative effort undertaken with willing and affirmative attitudes rather than grudgingly or indifferently. This recognized need for wholesome attitudes is one of the



influences which has strengthened personnel work; has shown the value of studies of employee attitudes; has called attention to the importance of morale factors.

And if the influences of decentralization develop as I believe they will, we shall study more the morale factors in smaller units in smaller communities. This will be a gain for all, even if the ownership of decentralized units should remain centrally controlled, as, for example, in organizations like General Motors or General Electric.

The problem of altering the motives of work from those of the compulsions of threatened starvation to more positive cooperative attitudes and desires, is not easy to solve. But face it we must, if our interpretations of employee attitudes are to yield any larger value than the mere amelioration of minor shop grievances.

We cannot, and would not wish to, retreat from our faith in individual freedom, even under the fullest use of the machine and public control. Executives in industry and government can direct, lead and collaborate with workers singly and in associations in ways that bring law and order into employer-employee relations, that strengthen equality of bargaining relations, and that look to creating conditions under which workers' self-respect and chance for personal growth is harmonized with their direct interest in productivity because they see that they are sharers in its benefits.

### *Puny Powers of Past*

(8) Lastly one of our most important jobs, and it is a personnel job in no small part—is helping to temper and influence the power—efforts of our powerful head-men in top executive positions.

Our type of economy gives the power-seeker an opportunity to become powerful on a scale that makes the overlords of the past seem puny. We would be less than honest if we did not admit that the power-seeker and power-possessor is not always the most scrupulous and socially minded among us. I am not saying that industry is the only realm in which such individuals try to dominate. I am referring to psychological motives which normally persist in human nature, which may have great creative usefulness, which show themselves in state and church no less than in industry; but which because of their vigor cannot be ignored nor allowed to run riot for their own ends in an economy of interdependence.

We know that the search for power, profit and self-aggrandizement of strong men in the community can—if not curbed—subordinate the use of our resources, material and human, to influences and motives which are too narrow. This subordination is made easier by the fact that we must cooperate and collaborate in large groups of people to make our economy work.

*How Power Exercised*

I am not saying that all efforts of "big business men" or of politicians in high places are motivated by desire to exercise selfish personal power; nor that much that is useful is not a by-product of their power-search. What I am saying is that one characteristic of our times is that individuals and small groups of men can affect the destinies of large groups of people to an astonishing degree. They can do this by wage cuts, by lay-offs, by removals of plants from here to there, by refusals to comply with the letter or spirit of laws they do not like, by disinclination to invest capital—to name only a few of the most obvious ways.

The job of the personnel executive in influencing and educating top man-

agers is the most difficult of his tasks. But tackle it he must. And to do it he must have proper status, a personality which commands respect, easy personal access to the executive heads, and a sustained concern for all the educational influences he is clever enough to bring to play upon his colleagues.

In conclusion, I point out that the rôle of personnel management in the modern economy gains day by day in significance. Nothing that is done by legislation or any other type of public intervention can lessen that rôle. The points of focal emphasis are different, of course, from what they were. But these new problems stimulate us to use greater skill, wisdom and professional integrity, in order to resolve them.

There is Evidence That in Private Business and in Governmental Agencies not under Civil Service More Workers Found Unfit During a Trial or Probationary Period are Dropped than in Government Departments under Civil Service.

# Drop Duds *During Probation*

By OLIVER C. SHORT  
AND EDWARD F. DOW  
Bureau of the Census

IN PRIVATE employment, and in public jurisdictions where there are no merit system laws, employees are often hired on a trial basis. This practice has won wide acceptance as an employment policy. These, however, are voluntary, extra-legal examples of probationary practices; it is to the legal probation period usually found in civil service laws that this article is directed.

The probation period is understood to be the time elapsing between the appointment of an employee (following certification from a legally constituted eligible register of a Civil Service Commission), and his attainment of full tenure and other privileges under the civil service laws and regulations.

## *Reformers Favor Probation*

A probation period, when used in conjunction with political appointments, is a frank recognition that the appointive process does not safeguard the public interests. When coupled with a "merit system", probation is an acknowledgment that the selective process is not infallible, or that there is a lack of cooperation between the Civil Service Commission and the appointing department. Sponsors of reform have succeeded in incorporating the idea of probation in numerous local, state, and federal laws.

There is, however, little or no evidence of scientific or technical study on the part of reform groups or legislators in fixing the probation feature in the statutes. It seems to

be an accepted and popular provision whose merit is assumed on the face of its "reasonableness."

Furthermore, as a means for weeding out unsuitable personnel the probationary period is almost universally neglected and disregarded. To what is this situation attributable? Is it due to failure to recognize the potential value of the probationary period; to the inattention of any individual or group whose interests are adversely affected by such neglect; to the opposition of the employees; to a lethargic attitude on the part of the personnel agency and the responsible administrative officers (because that is the easiest way); or perhaps to the lack of cooperation, coolness, or outright enmity which too often exists between the civil service officials and the administrative units? We are inclined to the belief that the last two reasons listed are the most prevalent and potent, namely, "passing the buck," and a lack of cooperation between recruiting and operating units.

#### *Not Used as Weeder Outer*

Round pegs in square holes will wreck the best attempt at sound management. To insure a "fitting" employee necessitates an intelligent use of the trial period of employment, for our best examination procedures do no more than a rough grading or preliminary sifting of the applicants. Properly used, probation will protect the personnel department against crit-

icism by enabling it to do better work, and will protect the administrative unit against the accumulation of deadwood and driftwood.

Everyone in public service is familiar with the "drifter" who is shunted from one agency to another because he is unsatisfactory. Because he was not dropped during the early stages of employment, he floats from one office to another until at last he comes to rest in an agency which tolerates him because it is indifferent to inefficiency or unable to effect his transfer. Every bureau and division has its quota of these misfits which it must carry as a continuing liability. It was a current subject of jest during the boom era of the New Deal regime in Washington, that old line agencies gladly "kicked upstairs" many of their unwanted employees to higher paid jobs in the so-called "emergency" or "temporary" establishments.

Here was a situation which proper severity in the application of rules of probation would have corrected. When the burden of inefficient workers drags too heavily, agencies have been known to welcome a reduction in personnel, or abolition of the unit with resurrection under a new name, as a drastic last resort to rid the organization of parasites. Such shady schemes cannot be upheld, even if they result in improvement and not in merely opening new jobs to the spoilsman (which may be the real motive for the upheaval).

*Benefit to Employee*

Probation can be shown to benefit even the employee, for a misfit will be neither contented nor effective in his allotted sphere of work. He may become suspicious, jealous, morose, ugly, harboring ill-will for his superiors, his more successful colleagues, and the government which overlooks his weaknesses. Eventually, when it is too late for him to orient himself in private business, he may be dropped, but even if he is kept on until pensioned, his full measure of usefulness and happiness have never been achieved.

The length of probation varies from thirty days to a year and is usually stated definitely in the law, although there are instances where the words "at least" introduce an element of indefiniteness. In general practice the time stated in the law is the goal which the probationer must reach, and he usually does so without much competition and scarcely any recognizable obstacles. Friction with fellow employees and his immediate supervisor fail to reach the Civil Service Commission or receive any official notice. In most jurisdictions practice seems to indicate that the Civil Service Commission ceases to have any concern about an employee as soon as the paper work incident to certification, clearance, and appointment is done.

There is an almost audible sigh of relief, whether the process is accomplished without argument and disagreement, or if it is only con-

summated after argument and full discussion with the appointing officer. On the other hand, the administrative officer accepts the new employee (with or without argument), drops him in the current to sink or swim, forgets him, and later on learns that he has a valuable person for whom he gives no credit to the Civil Service Commission, or that he has a dud for whom the Commission is roundly belabored. The probability is that such a discovery is made long after the end of the probationary period, and nothing further is done about it.

*Zero Mortality*

There is evidence that the mortality in the try-out period is greater in private business and in governmental agencies not under civil service laws (especially in new agencies), than in older governmental units under civil service laws. The difference may be in part accounted for by the greater efficiency of the recruiting process used by the Civil Service Commission. It may also be true that in private employment or non-merit system governmental employment there are more persons discharged for personal or political reasons, bias and prejudice, than under civil service, although the assumption is not susceptible of proof. The reduction of mortality to near zero indicates that no proper use is made of probation as a tool of personnel administration.

It is clear that the new employee, his fellow workers, and employee

organizations are not inclined to insist that the period be used to weed out the unfit. In order to protect their own reputation, employee groups should formulate codes of ethics, which should have as one of their primary postulates the declared policy of improving standards of performance. No doubt this will come in time, but to date most public employee groups are more concerned with their own safety than with the public well-being.

Politicians and other influential friends of the new appointee are not likely to show an interest in a procedure which might oust their candidate. Civil Service reform groups are primarily interested in broad matters of policy and principle, not in administrative details, nor is it natural or desirable that they should be. We must conclude that the responsibility for making the probationary period a positive weapon for improving the public service rests jointly upon the Civil Service Commission and the appointing officer.

#### *Mosher and Kingsley Statistics*

Mosher and Kingsley provide us with evidence that the probationary period is not employed to good advantage. "Cincinnati made 126 original appointments in 1933 and despite the Commission's method of follow-up, no probationers were dropped. New Jersey reports 'very few' dropped; Milwaukee County, none in 1932-1933; and Massachusetts, that it is 'very exceptional' if a

probationer fails to achieve permanent status. In Maryland, there were 746 original appointments made in 1932, of which number eleven probationers were dropped." (Mosher and Kingsley, *Public Personnel Administration*, New York, 1936, pp. 222, 223.)

It should be explained that the Maryland figure includes institutional employees whose employment period was less than three months, and whose leaving had no relation to the efficiency of recruitment or to any disciplinary program established at the Institution in question.

It is doubtful if any statistical inquiry on this subject among the several Civil Service Commissions would reveal different results; rather would it show that the scientific use of the probational period is practically nil.

#### *Should Work Together More*

Joint responsibility cannot be achieved without greater understanding and cooperation between the Commission and the responsible administrative officers than exists in most jurisdictions. Suspicion, distrust, and outright hostility often tend to create partial, if not thorough-going estrangement, which prevents the merit system from achieving real success. Line officials often express their opinions of the Commission and all its works in no uncertain terms, damning the Commission as the chief obstacle to their successful operation.

They feel that they are obliged to take what the Civil Service Commission gives them, willy-nilly, when they could do a much better job of selection. The Commission holds itself aloof, naturally, when it senses this hostility. The operating agency does not raise its hand to do anything about the situation, even though proper use of probation would in large measure remove its grievance against the Commission. (It might well be suspected that in such cases they do not wish to improve the existing system, preferring to strangle or hamper the recruiting agency by non-cooperation.)

#### *Suggested Probation Program*

*Place of the Commission.* The recruiting agency should not adopt an attitude of hostile restraint. It must avoid giving the impression that it is using probation in a negative way, as a check on the departments. This feeling is derived from the nineteenth century reform era when all emphasis was of a negative sort: "keeping the rascals out."

Today the emphasis should be on the constructive, positive, cooperative nature of the Commission's work. It should convince the line agencies that the probation system exists to help them get exactly the right people and is not a useless device invented by reformers to outwit the administrators. The Commission should foster mutual understanding; it should dispel the popular impression that it is an agency

apart and aloof, a watch-dog over the operating departments. It must be shown that a well-rounded, effective personnel program contains features (such as probation) that a Civil Service Commission can administer more economically, impartially, and effectively than the separate departments.

*Place of the operating departments.* The Civil Service Commission will find it possible to build up confidence and secure wholehearted cooperation more readily if it admits at the outset that a workable probation system can be administered only with the assistance of the administrative departments. The line supervisors and the administrative officer in charge of a new employee are best qualified to judge performance, discipline, personality, and character.

#### *Supervise Probationers*

*Personnel men as liaison officers.* The line of demarcation between centralized administration and what may be termed decentralized administration of the personnel program may not at this time be well defined. The concept is so new that experimentation and evolutionary processes may be necessary. Personnel officers should be the active means of establishing cooperation between the Commission and the operating departments in larger concepts as well as in the routine operation of the personnel program.

Supervision of probationers should be one of their duties. By establish-

ing a program involving proper relation between line supervisors and the probationers, and by requiring positive and complete written statements from supervisors regarding probationers as a basis for action, the personnel officer could not only protect the Commission against adverse critics, but perform a real service for the departments.

*Length of probation.* Opinions among personnel administrators vary concerning the proper length of the probationary period. Certainly there is no good reason for a three month requirement in one jurisdiction and a twelve month period in another. Differences in the size of the geographical areas, population, or the number of employees do not seem to justify different requirements. There does appear to be a justification for varying the length of the period within a jurisdiction on the basis of the type of position. Some authorities would set a uniform period long enough to cover all conditions, while other authorities favor a briefer uniform requirement.

#### *Suggest Flexibility*

While we cannot discuss all the reasons for and against these various positions, it does seem that a long period is unfair to probationers whose fitness can be gauged in a short time, while a brief period does not give administrative officers sufficient opportunity to study probationers in positions more difficult to evaluate. Thus routine tasks can be quickly

learned by an apt pupil, while difficult tasks often require considerable training on the job. Likewise, in technical positions involving study and research the candidate may need many months to show results or adjust himself to the work.

The law should allow administrative flexibility to take care of varying conditions. If the period be set as long as a year, or even six months, there should be provision for termination within a shorter space of time in meritorious cases. Action would be taken by the administrative officer in charge of the probationer, subject to review and veto by the Commission after a full report from the officer and the Commission's field agent. On the other hand, a period as short as three months might be extended in a similar manner in special doubtful cases. The reasons in either instance should be definite and subject to verification, and the review by the extension agent and Commission thorough.

It is believed that a period of not over six months should be fixed in the law, and exceptions in the form of extensions should be allowed. If there is an opportunity to shorten the period by exceptions, there will be constant pressure on the administrator from the candidate and his political allies, whereas an opportunity to lengthen the period will safeguard the operating agency. It is, of course, conceivable that a weak candidate, about to be dropped, would plead for an extension of probation. No scheme can be devised



which is purely automatic, and the administrative agency and Commission must administer any plan discreetly and impartially.

#### *Orient New Employee*

*Assistance to probationer.* The administrative agency should assist the probationer to orient himself before his probation time ends. He should be furnished with rules and regulations, instruction manuals, charts, codes, or other printed aids; he should be urged to make use of welfare and recreational facilities; he should be given oral instruction, introductions to his colleagues and superiors, and encouraged to consult with the appropriate persons; he should be informed of the opportunities for advancement, in-service training, and other work incentives; he should be given definite work assignments and variety of work, where possible.

The new employee should be brought into frequent conferences with the personnel officer, where he should be told frankly of his shortcomings and mistakes. He should be commended for his strong points, and not dropped without a warning and an opportunity to improve his record. He should not be asked to submit an undated resignation as a prerequisite to full status. Admis-

sion to "permanent" status should not be determined by a formal examination, but by a composite record of all pertinent facts compiled during the probation period which were not secured by the testing procedure of the Commission. The Civil Service Commission can perform a service to the probationer by coordinating and systematizing the various plans of orientation, training, and supervision employed in the agencies in its jurisdiction.

#### *Revised Definition*

In our second paragraph we defined probation as it is generally understood today. We now suggest a somewhat different concept in line with our recommendations, as follows: Probation is the time served by an employee between his appointment to a governmental position following certification from a legally established eligible list and his dismissal or gaining of full rights and privileges of tenure, during which time he is oriented, trained, supervised, and fairly judged as to his fitness and qualifications for such rights and privileges.

*Participation of E. F. Dow in this study was made possible by a grant from the Coe Research Fund of the University of Maine.*

It is Fair to an Applicant for a Job to  
Tell Her that She is Not Suited to  
the Work for Which She is Applying,  
and That Her Earnings Will Probably  
be Less than in Some Other Job.

# Tall Young *and* Single

By CARL J. THOMSEN

Brillion, Wisconsin

LET these lines you are reading become blurred before your eyes. Out of the blur visualize a list of the names of the employees hired by you during your experience. Further fancy this list to have been compiled in the order of each worker's earnings. Now relax for a moment of reflection.

Notice the name at the top of the list. That hire's earnings are twice as large as another employee's, yet both persons were hired the same day to work at the same hourly pay rate. Have you pondered over this difference in earning power, roughly indicating a profound difference in fitness for the work which men and women were hired to do? Have you critically examined your present employee selection methods to determine their usefulness in uncovering these differ-

ences in applicants' suitabilities for particular jobs? If you have, this article may interest you. If you have not, you may find these words suggestive.

## *Miss High and Miss Low*

For the present forget the names of your hires and examine the record of one employer. It lists 122 women employed as shirt pressers by a large eastern manufacturer of shirts and collars. These women are paid on piece rates, which were established after extensive motion and time studies had been made, and the wages indicated after each name are average hourly earnings during two carefully chosen eight week periods in 1937. These earnings have been corrected for rate changes, company bonuses,

and variations in the length of employment.

Miss High, the first on the list, earned 73.3 cents an hour. Miss Low, the last earned 36.9 cents. This difference in hourly earnings is not due to variations in training, wage payment plan, working conditions, nor diversity in the work done. It must therefore be due to differences in employees' suitabilities for the work of pressing shirts. What are the particular inherent characteristics, or suitabilities, possessed by the successful shirt presser and lacking in the unsuccessful? Is this information available from an application blank?

To answer the questions set forth in the preceding paragraph, we must compare two sets of information, employees' earning records with their personal history data. Employees' hourly earnings represent occupational proficiency when conditions of employment and payment are standardized. They are a criterion, a standard for distinguishing between successful and unsuccessful shirt pressers.

Application forms reveal the following personal data concerning each of the 122 women listed in the payroll record: age, height, weight, nationality, marital status, number of dependents, type of school attended, years in school, years of experience in the same work, and the reason for leaving their last jobs.

#### *Importance Factor*

The first step in the use and comparison of this information is to pre-

pare our raw data for group comparisons. Subdivide therefore the 122 women into six earning groups of nearly equal size and having the limits: 73.3-62.1, 62.0-56.8, 56.7-53.5, 53.4-48.9, 48.8-44.6, and 44.5-36.9 cents. Taking the age at application as an example and again attempting to form groups of equal numbers, this item is divided as follows: 15-17, 18-19, 20-22, 23-31, and 32 years and over.

Each personal history item must be similarly dealt with. Those items which cannot be numerically subdivided may be classified as for instance by marital status: single, married, divorced, and separated.

In Chart I the age at application is considered as an example for other personal history items. Rows of earning groups divide the age group columns into cells. Thus the entire group of 122 shirt pressers can be tallied, each falling in her proper cell. This type of chart, or frequency distribution, is the work table for the following steps.

Our general purpose in viewing this chart is to determine whether or not age at application, is significant in predicting the successfulness of shirt pressers. We must find therefore a number—call it an importance factor—which can be compared to similarly derived factors for each of the other items to single out the most important personal history information.

#### *Youth wins*

First the percentage of women in each age classification earnings in the

upper three wage groups is found. For the age group (15-17 years) the calculation is:  $\frac{8 + 7 + 4}{28} = \frac{19}{28} = 67.9\%$ . If these percentages were nearly equal, we would conclude that age was unimportant because no one age group included more top earning shirt pressers than any other age group. Actually there is a noticeable discrepancy between percentages, indicating that the age of an applicant bears some relationship to her hourly earnings. The importance factor is the ratio of the two highest to the two lowest percentages found as above. As shown the Importance Factor =  $\frac{67.9 + 57.9}{30.0 + 44.0} = \frac{125.8}{74.0} = 1.70$ . The Importance Factors are derived in the same manner for each of the other items of personal history.

After those items having very low importance factors are eliminated, our work so far shows the following results:

<i>Personal History Items</i>	<i>I. I. Value</i>
Age at application	1.70
Years in school	1.54
Nationality	1.48
Weight	1.46
Marital status	1.34
Height	1.18

These are the six most important personal history items shown on an application blank for shirt pressers and are the ones which should be given most consideration.

### *Young, Tall and Single*

To know those six items on a shirt presser's application form which are

most significant in predicting their future earnings is unimportant until we can answer questions similar to, "If age is so important, how old should an applicant be?" and, "Should the single applicant be preferred to a married one?". Let us consider those women in the last two wage groups, 48.8-44.6 and 44.5-36.9, unsuccessful, and those in the top four wage groups as successful. Then we calculate the percentage of successful girls in each age group. Taking age at application group (over 32 years) as an example, this is:  $\frac{0 + 2 + 4 + 6}{20} = \frac{12}{20} = 60.0\%$ . A similar procedure is followed for each of the other six most important personal history items.

The results of our work shows the ideal applicant for shirt pressing is in her teens or her late twenties and early thirties. She has attended school 6, 7, or 8 years and is single. She is either of Polish or Italian ancestry. She is above average height. She is above average weight or considerably below.

In brief the job she is hired to do includes: laying the shirt on the table, dampening it with special sprays, pressing one part at a time, folding the pressed shirt, and pinning the folds. It is semi-skilled work, rather dull, strenuous, warm, and requiring long reaching movements.

### *Combining Items*

We can work out a Combined Score on these items. Of the applicants in age group (15-17 years) 78%

were successful (see Chart I). The highest percentages indicate optimum hiring ages. Why not call these percentages scores? Then a girl of 17 would receive a score of 78; a young woman of 22, 60; and a woman of 45, 60. Likewise for the other five items. A married woman scores 61 and a single one, 71. Women of southern European nationalities score 73 and of northern European 61.

CHART I

Average Hiring Factor Success	Age of Applicant in Years				
	17	22	30	45	50
35-42-1	8	3	3	2	
62-56-8	7	2	4	2	
50-53-5	4	4	4	4	1
53-48-9	5	5	4	3	2
48-8-44-0	3	7	6	1	2
44-5-30-9	3	4	4	4	5
Total	28	30	23	19	12
Percentages for calculating Importance Factor . . . . . 67.9 46.7 44.0 57.9 31.7					
Percentages successful	78	60	60	74	62
Importance Factor =	$\frac{67.9 \times 78 + 46.7 \times 60 + 44.0 \times 60 + 57.9 \times 74 + 31.7 \times 62}{30 + 23 + 19 + 12} = 61.7$				

Those weighing between 129 and 145 pounds score 57; those 100 to 115, 74; and those over 145, 69. Applicants who have attended school less than five years score 38; those between 6 and 7 years, 74; while applicants who went beyond grammar school score 68.

But on page 177 we showed age to be more important than years of schooling; years of schooling more important than nationality; and na-

tionality more important than weight, marital status, or height. This difference in significance requires weighting of the scores given in the previous paragraph. Multiplying the raw score for each item by that item's importance factor makes this correction. For a 17 year old girl the weighted score is  $78 \times 1.70 = 132$ ; for a woman of Italian nationality,  $73 \times 1.48 = 108$ ; and for an applicant weighing 129 to 145 pounds,  $57 \times 1.46 = 83$ .

Totaling the scores found in this manner for each item we have a resultant application score. If the application scores are found for each of the 122 shirt pressers, we should be able to determine a critical value which divides the greatest number of successes from the greatest number of failures. This critical score is easily found.

### Maximum Successes

Employees are divided into three groups according to their hourly earnings. These groups are called Successful, Mediocre and Unsuccessful, as shown on the left hand side of Chart II. Their application scores are shown along the bottom scale. Each shirt presser's earnings and application score are plotted on these coordinates. There will be dots scattered everywhere, but they appear to cluster about a diagonal line drawn from the top right corner to the bottom left one.

Double line C-C is then moved to right and left until a setting is found

at which the number of dots in the upper right block, denoting successes, and the number in the lower left block, denoting failures, are a maximum. This final setting is the critical application score, 449.

CRITERION AVERAGE HOURLY EARNINGS DURING 1937		CHART II		C C	
Successful	5" 4 to 5" 3	S S	S S	S S S S S S	S S S S S S
Mediocre	5" 1 to 5" 4 In cents	M M M M	M M M M	M M M M M M	M M M M M M
Unsuccessful	36" 9 to 5" 0	F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F
		F F F F F F	F F F F	F F F F	F F F F

When we compare the application scores with hourly earnings we note that of those below the critical application score and therefore considered as doubtful hires 8.9% are successful, 26.7% are mediocre, and 64.4% are unsuccessful rating. Or, 59.2% of 49 unsuccessful shirt pressers are rated doubtful hires.

### *How About Future Hires*

The research we have completed together and the results obtained are only the first steps in attempting to improve the application blank. Our results are for present employees only. Would they be the same for future hires? That would be the test of the application score's validity—three or four years hence.

There are disadvantages to the application score method of selecting shirt pressers. It is inhuman and unjust to stake an applicant's chance to earn her living on a numerical score; six items are an insufficient number for so important a decision to the applicant; there may be a temporary variation in physical measurements as a result of previous minor illness; the experimental group is too small; and accuracy of physical measurements, statement of age, and years of schooling is doubtful.

But there are some advantages in this method. After the research work has been done its use is simple; make up an application blank with squares for objective answers to personal history questions and fit a pattern over the squares to read off the personal history item scores, already weighted and corrected. Out of town applications can be more easily and quickly handled. Fallacious and biased human judgements are eliminated from this standardized selection procedure. It's fair to the applicant to tell her that she is applying for a job she isn't suited to fulfil and that her earnings would be less than on some other job.

# Answer To A Grievance

By CHALICE KELLY COYLE

MANAGEMENT was severely indicted by a number of those attending the Technical Sections on Personnel at the Seventh International Management Congress recently held in Washington. Such questions as these were raised: "Why is it that the management of most concerns is so slow to adopt the suggestions of personnel men?" "Why are managers so afraid of industrial psychologists?" "Why won't executives let us help them save money and make plant personnel more effective?" In general why is management so unappreciative of the contributions which personnel men and industrial psychologists are ready and willing to make? Are managers oblivious of the contributions that have been and are being made?

The very presence of so many men at the Congress reporting on the successful application of the modern techniques used within their companies seems proof that the indictment is not entirely justified. As these questions were being raised I tried to estimate the number of employees affected in some way by the people present at that discussion. Perhaps fifty percent of the working population of the United States was represented. On the other hand I could not help being impressed by the fact that many of the problems seemed very little nearer solution

than they had been some five years before when I last attended a conference on personnel. What then is the trouble? Does management want help from personnel men?

## *Boss's Job*

Yes. But does the personnel man realize that the manager has many other problems calling for solution? Have personnel men looked at their problems in the large? Have they really had a management point of view? The manager has the responsibility for seeing that the payroll is met each week and that production costs are kept as low as possible. He has to make sure that his public relations are in good order and keep the sales department on the right track. His is the final decision on purchases of materials, when to replace old equipment and when to enlarge the factory or change the process, what stocks to accumulate. A thousand other policy matters must be handled by the "Big Boss" if every one is to be kept happy.

To be sure the manager has assistants who share these responsibilities and who do much of the detailed work, but he has to catch the errors made by those below him. No matter how democratic the organization there has to be one person with whom the final decision rests.

Do the personnel men who have difficulty in selling their managers on a new idea in foreman training or work layout look at the problem from the bosses' point of view? Is your proposal of any real consequence or is it a bright idea which you picked up at the last conference and which you have not really thought through in its relationship to your own organization? How much objection will there be from department heads? How important is it in comparison with other problems facing the manager at the moment?

### *Listening for a Change*

For example, one personnel manager was granted an interview to discuss a new training scheme with the General Manager. When he arrived at the office, the latter said, "I am glad you called up. Can your matter wait? I want some one to listen while I think out loud. We have an option on —— (naming one of the many chemicals used in the manufacturing process). We use about a million dollars worth of that a year. The option expires at five o'clock today. When we took the option we were threatened with inflation and the price seemed very good, but now it looks as though prices might drop instead in which case we could lose a lot of money."

For two hours the personnel man sat listening, his own proposal shrinking in importance. He could perhaps save ten thousand dollars a year by his new training plan, but

that was not important at the time—a million dollar contract was.

People who want to improve management, and this includes not only personnel managers, but industrial psychologists and industrial engineers, have a common handicap in that they are dealing with intangibles. But more serious is the fact that every one considers himself an expert in handling men. My brother claims that the automobile business is unique in that every customer is an expert and knows more about automobiles than the man whose business it is to sell them. Personnel work is the one profession in which every foreman and department head thinks that he knows more than the expert.

### *The Telepathic Psychologist*

In order to impress managers and others with the fact that there is a scientific approach to problems, the personnel man and especially the industrial psychologist uses his professional vocabulary. Instead of impressing the supervisors and business men, this just annoys them, chiefly because they are not quite sure what the Personnel man is driving at. There is a feeling among people in general, of all levels of education, that there is something uncanny about psychology. A foreman once said to me when I asked his opinion, "Well you ought to know."

Upon inquiry I discovered that he believed that as a psychologist I possessed some strange power to read his thoughts. This fear is not re-



vealed in many instances, but serves to establish a barrier between the psychologist and those whom he wishes to convince. In my own experience, I had to drop my psychological vocabulary completely so that it could not trip me up in off moments.

In other words the industrial psychologist and the personnel man should apply the technique of their profession in their dealings with management and the other departments. A frequent difficulty in introducing new methods is the amount of oppo-

sition encountered from the heads of the departments affected, and especially the foremen. Why not start with the foremen and let the idea be theirs? Work out a demonstration with them and sell the management together?

Most of those who read this article will say "old stuff" and it is. But listening to the complaints made by personnel men at the Seventh International Management Conference made me realize that while many of them think they are saying *ham* they are still saying 'am.

# Wages and Hours Act

## I. RECORDS REGULATIONS

**F**OLLOWING is the text of regulations issued by Administrator Elmer F. Andrews on information which employers should keep in conformity with the Wages and Hours Act:

### *Section 516.1*

#### RECORDS REQUIRED

Every employer subject to any provisions of the Fair Labor Standards Act or any order issued under this act shall make and preserve records containing the following information with respect to each person employed by him, with the exception of those specified in Sections 13 (A) (3), 13 (A) (4), 13 (A) (5), 13 (A) (6), 13 (A) (8), 13 (A) (9) and 13 (A) (10) (sections specifying persons exempted) of the act:

- (A) Name in full.
- (B) Home address.
- (C) Date of birth if under 19.
- (D) Hours worked each workday and each workweek.
- (E) Regular rate of pay and basis upon which wages are paid.
- (F) Wages at regular rate of pay for each workweek, excluding extra compensation attributable to the excess of the overtime rate over the regular rate.
- (G) Extra wages for each workweek attributable to the excess of the overtime rate over the regular rate.
- (H) Additions to cash wages at cost, or deductions from stipulated wages in the amount deducted or at the cost of the item for which deduction is made, whichever is less.

(Note: This information is required only where the cash wage actually paid is less than the minimum wage required by the act. The reasonable cost of board, lodging and other facilities as part of wages is defined and delimited by regulations of the Wage and Hour Division, Part 531).

- (I) Total wages paid for each workweek.
- (J) Date of payment.

(Note: The three items of information (E), (F) and (G) are only required when overtime is worked by the employee.)

Provided, however, that with respect to employes specified in Section 13 (B) of the act, records referred to in Paragraphs (F) and (G) of this section shall not be required, and

Provided, further, that with respect to employes who are specified in Section 13 (A) (2) (retail sales exemption section) of the act and employes who are defined in regulations of the Wage and Hour Division—Part 541 (regulations defining and delimiting the terms "any employe employed in a bona fide executive, administrative, professional, or local retailing capacity, or in the capacity of outside salesman" pursuant to Section 13 (A) (1) of the Fair Labor Standards Act)—employers need make and preserve records containing the following information only:

- (A) Name in full.
- (B) Home address.
- (C) Occupations.

#### *Section 516.2*

##### FORM OF RECORDS

No particular order or form is prescribed for these records, provided that the information required in Section 516.1 is easily obtainable for inspection purposes.

#### *Section 516.3*

##### PLACE AND PERIOD FOR KEEPING RECORDS

Each employer shall keep the records required by these regulations for his employes within each State, either at the place or places of employment or, where that is impracticable, in or about at least one of his places of business within such State, unless otherwise authorized by the administrator. Such records shall be kept safe and readily accessible for a period of at least four years after the entry of the record, and such records shall be open to inspection and transcription by the administrator or his duly authorized and designated representative at any time.

#### *Section 516.4*

Definitions of terms used in these regulations:

- (A) Act—The "act" means the Fair Labor Standards Act of 1938.
- (B) Hours worked—For the purposes of these regulations the term "hours worked" shall include all time during which an employe is required by his employer to be on duty or to be on the employer's premises or to be at a prescribed workplace.
- (C) Workday and workweek—For the purposes of these regulations, a

"workday" with respect to any employe shall be any 24 consecutive hours, and a "workweek" with respect to any employe shall be 7 consecutive days, provided that the workday or workweek is not changed for the purpose of evasion of provisions of the act or any regulations prescribed pursuant thereto.

(D) Wage or wages—For the purposes of these regulations, the term "wage" or "wages" means all remuneration for employment of whatsoever nature, whether paid on timework, piecework, salary, commission, bonus, or other basis.

(E) Employe—The term "employe" is defined by the act (Sec. 3 E) to include "any individual employed by an employer," and the term "employ" is defined by the act (Sec. 3 G) to include "to suffer or permit to work." It shall be the duty of each employer to make and preserve all records required under these regulations with respect to each employe employed by him, whether or not such employes perform their work in an establishment or plant operated by the employer or subject to his immediate supervision. Thus, the required records shall be made and preserved by the employer for "industrial homeworkers" or other employes who produce goods for the employer from material furnished by him or who are compensated for such employment at piece rates, wherever such employes actually perform their work.

(F) Regular rate of pay—For the purpose of these regulations, the term "regular rate of pay" means:

(I) With respect to an employe paid solely on an hourly basis (i.e., receiving no additional wage whatever) the hourly wage rate at which he is employed.

(II) With respect to an employe employed on a daily, weekly, semi-monthly or monthly basis for a regular number of hours per week determined by agreement or custom the average hourly rate obtained by dividing the wages earned for that regular number of hours in the workweek by that regular number of hours; and

(III) With respect to an employe paid on any other basis than those specified in (I) and (II) of this paragraph (F) the average hourly rate obtained by dividing the wages earned for the particular workweek by the total number of hours worked during that workweek.

Note on definitions above:

1. With respect to an employe paid on a monthly basis, the wages earned during a workweek are computed by multiplying the monthly wage by 12 and dividing the result by 52. With respect to an employe paid on a semi-monthly basis, the wages earned during a workweek are computed by multiplying the semi-monthly wage by 24 and dividing the result by 52.

2. In computing the average hourly rate fractions of less than one-half cent may be disregarded, and fractions over one-half cent should be raised to the next full cent.

3. In computing the average hourly rate all wages earned or paid during a particular workweek must be included except

(a) Bonuses not computed on the basis of measured work performed (e.g., bonuses for punctuality, simple Christmas bonuses, etc.).

(b) Extra compensation attributable to the excess of the overtime rate over the regular rate, and

(c) Additions to the cash wage for board, lodging or other facilities furnished by the employer.

#### *Section 516.5*

#### PETITIONS FOR AMENDMENT OF REGULATIONS

Any person wishing a revision of any of the terms of the foregoing regulations on records to be kept by employers—Sections 516.1 through 516.4—may submit in writing to the administrator a petition setting forth the changes desired and the reasons for proposing them. If, upon inspection of the petition, the administrator believes that reasonable cause for amendment of the regulations is set forth, the administrator will either schedule a hearing with due notice to interested parties, or will make other provisions for affording interested parties an opportunity to present their views, both in support and in opposition to the proposed changes.

# Wages and Hours Act

## II. EXPLANATION OF RECORDS REGULATIONS

**T**HERE follows the text of an explanation by the Department of Labor for the guidance of employers, of the regulations issued under the Wages and Hours Act for the keeping of employment records:

### EXPLANATION OF THE RECORDS REGULATIONS

(Title 20, Chapter V, Part 516, Sections  
516.1 through 516.5)

#### *Purpose of the Regulations*

It is the purpose of Regulations—Part 516—to assist employers in complying with the Act and to assist the Administrator and his designated representatives in securing uniform enforcement of the Act. Every effort has been made to coordinate the record-keeping requirements under this law with those under the Federal Social Security Act, the State unemployment compensation laws and other statutes and thus reduce to a minimum the information required.

Paragraphs (e), (f) and (g) are explanations of information required in Section 516.1 of the Regulations when overtime is worked (over 44 hours per workweek in the year ending October 23, 1939, over 42 hours in the year ending October 23, 1940, and over 40 hours thereafter). When no overtime is worked, this information is not needed.

#### *Form of Records*

The sample payroll form (page 188) is submitted merely for explanatory purposes. Required records need not be made or preserved in any particular form so long as they are

readily available and contain information from which the information required by Section 516.1 of the Regulations can be easily obtained. The sample form does not provide for recording such information as the worker's home address or date of birth of those under 19. This information will probably be recorded on a separate and permanent record form.

It would be advisable for the employer, as a means of protection, to maintain, in addition to the payroll record, such basic records as those which are recorded by time clocks or time cards, or sheets which include the exact time of starting and stopping the workday and of the time of starting and stopping the meal period.

#### *Explanation of the Items of Information Required in Section 516.1 of the Regulations*

Paragraph (a)—Name in full:

It is important to have the full name of the worker as a means of personal identification. The name of a worker should therefore be entered as Ruth Ware, not R. Ware; Henry George Rogers, not H. Rogers. Middle names should be recorded. Nicknames should not be used.

Paragraph (b)—Home address:

Home addresses should be secured from employees and recorded, and a reasonable effort should be made to keep them up to date.

Paragraph (c)—Date of birth if under 19:

The date of birth should be recorded if it appears that the employee is under 19 years of age. Where persons under 19 are em-

# SAMPLE PAYROLL FORM Workweek ending \_\_\_\_\_ Date of Payment \_\_\_\_\_

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## PERSONNEL JOURNAL

Name	Hours of Work							Regular Rate of Pay	Earnings		Deductions			Total Cash Wages Paid	
	S	M	T	W	T	F	S		Total Hours	At Reg. Rate for Hours Worked	Extra for Overtime	Total	Soc. Sec. Taxes		Other Items Used
1. George Henry Harper		S	S	S	S	S	S	48	60c per hr.	\$28.80	\$1.20	\$30.00	\$.30	—	\$29.70
2. Alfred Olson		S	S	S	S	S	S	48	25c per hr. 2.00 per 8-hr. day	12.00	.50	12.50	.13	—	12.37
3. John White		S	S	S	S	S	S	48	50c per hr. 20.00 per wk. of 40 hrs.	24.00	1.00	25.00	.25	—	24.75
4. Martha Wilson		S	S	S	S	S	S	45	50c per hr. 22.00 per wk. of 44 hrs.	22.50	.25	22.75	.23	—	22.52
5. Henry Hawkins		S	S	S	S	S	6	46	52c per hr. 100.00 per mo. on a wk. of 44 hrs.	23.92	.52	24.44	.24	—	24.20
6. Mary Miller		S	S	S	S	S	S	48	25c per hr. (P.W.)	12.00	.50	12.50	.13	—	12.37
7. Helen Marks		S	S	S	S	S		40	(P.W.)	15.00		15.00	.15	—	14.85
8. Janet Barber		S	S	S	S	S	S	48	41c per hr. (P.W. plus bonus)	19.68	.82	20.50	.21	—	20.29
9. William J. Anderson		S	S	S	S	S	S	48	42c per hr. (40c per hr. & P.W.)	20.16	.84	21.00	.21	—	20.79

This sample form explains and illustrates the requirements of Section 516.1 of the Records Regulations of the Wages and Hours Law. However, employers are not required to keep their records in this form, or in any other particular form, provided that the information required can be easily obtained from their records.

ployed, an employer should write "minor" or its abbreviation on the payroll before the name of each such person employed.

The Fair Labor Standards Act contains certain prohibitions on child labor, and employers are referred to Sections 3(c), 12 and 13(c) of the Act and to the regulations of the Children's Bureau of the U. S. Department of Labor for further information on this matter. Protection against violation of the Act by employing a person under 18 can be secured by holding a certificate issued under regulations of the Chief of the Children's Bureau of the U. S. Department of Labor.

Paragraph (d)—Hours worked each workday and each workweek:

A record of time worked each week must be kept for each employee subject to the Act whether such employee is paid on a time work, piece work, commission, salary, or other basis.

While it is not required that the payroll form show the hours worked each day such a record would have great value in expediting inspection. Where not carried on the payroll the record of hours worked each day must be kept in such form as would permit of immediate use by the inspector should question be raised as to the accuracy of the payroll record on total hours during any one week.

A record must be kept of all time during which employees are required to be on duty or to remain on the premises, or to be at a prescribed workplace with the exception of regular meal periods.

The proper method of computing overtime is described in this explanation under Paragraph (g) below.

Paragraph (e)—Regular rate of pay and basis upon which wages are paid:

Where no overtime is worked, no entry need be made for this item.

Where overtime is worked (i.e. where the figure entered in Column (d) prior to October 24, 1939, is more than 44),<sup>1</sup> there should be entered in Column (e) sufficient information to determine the regular rate of pay by which overtime is calculated. The proper entry in this column depends on the basis on which an employee's wage is paid:

For an employee paid solely on an hourly basis, the proper entry is the hourly rate. Example (see line (1) of sample form): "60¢ per hour."

1. Except for 14 weeks in any calendar year in "seasonal industries" as determined in Regulations—Part 536—of the Wage and Hour Division, and where a collective bargaining agreement made by representatives of employees certified as bona fide by the National Labor Relations Board provides that no employee shall be employed more than 1,000 hours during any 26 consecutive weeks or 2,000 hours within a year, in which cases overtime is more than 12 hours per workday and over 56 hours per workweek (Section 7 (b) of the act).

For an employee paid on a daily, weekly or monthly basis, who is employed for a regular number of hours per week determined by agreement or by the custom maintained in the establishment, the proper entry is the wage rate for the day, week or month, reduced, as shown in the following three examples, to the proper average hourly rate.

EXAMPLES: Worker (2) on the sample form is employed at \$2 per day for an 8-hour day and works 6 full days in the workweek. His total weekly wage is \$12.00 and his customary hours are 48. His average

<sup>1</sup>Except those wages specified in Footnote 3 of Section 516.4 of the records regulations:

"(a) bonuses not computed on the basis of measured work performed (e.g. bonuses for punctuality, simple Christmas bonuses, etc.). . . .

(c) additions to the cash wage for board, lodging or other facilities furnished by the employer."



hourly rate is therefore 25¢ per hour (\$12.00 divided by 48 = 25 cents). The proper entry in Column (e) is therefore: "25¢ per hour—(\$2 per 8-hour day)."

Worker (3) on the sample form is employed for \$20 per week of 40 hours determined by custom in the establishment in which he is employed. His average hourly rate is therefore 50¢ per hour (\$20.00 divided by 40 = 50 cents). The proper entry in Column (e) is therefore: "50¢ per hour—(\$20 per week of 40 hours)."

Worker (5) on the sample form is employed for \$100 per month and by union agreement his regular hours per week are 44 hours. His weekly wage is calculated at \$23.08 (12 multiplied by \$100 divided by 52 = \$23.08). The proper entry in Column (e) is therefore: "52¢ per hour—(\$100 per month on a 44-hour week)."

For an employee paid on any basis other than those mentioned above in this explanation of Paragraph (e), the proper entry is the wage rate for the daily, weekly or monthly employee or the indication that the worker is a piece worker or is paid on some other basis, and in addition, the average hourly rate.

**EXAMPLES:** Pieceworker (8) on the sample form works 48 hours during the workweek and earns at piece rates, including a production bonus, a total of \$19.68. Her average hourly rate is therefore 41¢ cents per hour (\$19.68 divided by 48 = 41¢ cents). The proper entry here is therefore: "41¢ per hour—(P.W. plus bonus)."

**Paragraph (f)—**Wages at regular rate of pay for each workweek excluding extra compensation attributable to the excess of the overtime rate over the regular rate.

Where no overtime is worked, no entry need be made for this item.

This Column (f) includes all wages<sup>1</sup> earned

during a workweek for all hours worked but does not include extra earnings attributable to the excess of the overtime rate over the regular rate. For example (see line (1) on sample form), the proper entry in Column (f) for an employee paid 60¢ per hour for 48 hours work is \$28.80 (60¢ times 48 equals \$28.80). This entry includes wages for the 4 hours overtime at the regular rate of pay. Additional overtime compensation for these 4 hours of overtime is calculated separately and entered in Column (g).

The proper entry in Column (f) is computed differently depending upon the basis on which the employee is paid:

For a timeworker paid at an hourly wage rate only, this item is the hourly rate of pay multiplied by the number of hours worked in the workweek.

For a timeworker paid at a weekly wage rate, this item is the weekly rate of pay plus a sum for all hours over 44 (computed by multiplying the number of hours worked in excess of 44 by the average hourly rate). (See line (4) on sample form).

For a timeworker paid at a monthly wage rate, this item is computed as follows: The monthly wage is reduced to a weekly wage by multiplying 12 times the monthly rate and dividing the result by 52. This weekly wage plus a sum for overtime computed as in the preceding paragraph, constitutes this item (f). (See line (5) on sample form).

For a pieceworker this item is the amount earned at regular piece rates, including any production bonus. (See line (8) on sample form).

**EXAMPLES:** Timeworker (1) on the sample form is entered in Column (f) for "\$28.80 (60¢ per hour times 48, the number of hours worked in the workweek).

Timeworker (4) on sample form paid at the regular rate of \$12.00 per week, is customarily employed 44 hours per week. Her average hourly earnings are therefore

50 cents per hour. (\$22.00 divided by 44 equals 50 cents). Since she has worked one hour overtime, her wages at her regular rate of pay for 45 hours are entered in Column (f) as "22.50" (\$22.00 plus 50 cents equals \$22.50).

Pieceworker (8) on the sample form is entered in Column (f) for "19.68" (the amount paid for the number of pieces completed in the 48 hours of the workweek at the regular piece rates, plus a production bonus).

Paragraph (g)—Extra wages for each workweek attributable to the Excess of the overtime over the regular rate.

Where no overtime is worked, no entry will appear for this item.

This item is the additional amount of earnings resulting from the extra rate of pay for overtime. This amount should equal at least one-half of the regular hourly rate of pay (or the average hourly rate) multiplied by the number of overtime hours.

EXAMPLES: Timeworker (1) on the sample form is entered for "\$1.20" in Column (g) for this item ( $\frac{1}{2}$  of the regular rate of pay multiplied by the overtime hours;  $\frac{1}{2}$  of 60 cents multiplied by 4 equals \$1.20).

Pieceworker (8) on the sample form is entered for "\$.82" in Column (g) for this item ( $\frac{1}{2}$  of the average hourly rate multiplied by the overtime hours;  $\frac{1}{2}$  of 41 cents multiplied by 4 equals \$.82).

Paragraph (h)—Additions to cash wages at cost, or deductions from stipulated wages in the amount deducted or at the cost of the item for which deduction is made, whichever is less.

This information is not needed if the cash wage is above the minimum required by the Act. If the cash wage is less than the minimum required by the Act, this entry should show the amount for each item, or the actual cost of each item, whichever is less; and in the case of additions, this entry should show the actual cost of the additions claimed.

Regulations—Part 531—of the Wage and Hour Division define and delimit the reasonable cost of board, lodging and other facilities as part of wages, as required by Section 3 (m) of the Fair Labor Standards Act. Section 3 (m) of Section 3 (m) of the Act is further explained in Interpretative Bulletin No. 3 of the Wage and Hour Division.

# Wages and Hours Act

## III. EXEMPT EMPLOYEES

### PROFESSIONAL

A PROFESSIONAL is any employee:  
 "(a) Who is customarily and regularly employed in work

"(1) Predominantly intellectual and varied in character as opposed to routine mental, manual, mechanical or physical work, and

"(2) Requiring the consistent exercise of discretion and judgment both as to the manner and time of performance as opposed to work subject to active direction and supervision, and

"(3) Of such a character that the output produced or result accomplished cannot be standardized in relation to a given period of time, and

"(4) Based upon educational training in a specially organized body of knowledge, as distinguished from a general academic education and from an apprenticeship, and from training in the performance of routine mental, manual, mechanical or physical processes in accordance with a previously indicated or standardized formula, plan or procedure, and

"(b) Who does no substantial amount of work of the same nature as that performed by non-exempt employees of the employer.

### EXECUTIVE AND ADMINISTRATIVE

"The term 'employee employed in a bona fide executive and administrative capacity' in Section 13 (a) (1) of the act shall mean any employee whose primary duty is the management of the establishment, or a customarily recognized department thereof, in which he is employed, and who customarily and regularly directs the work of other employees therein, and who has the authority to hire and fire other employees, or whose suggestions and recommendations as to the hiring

and firing and as to the advancement and promotion, or any other change of status of other employees will be given particular weight, and who customarily and regularly exercises discretionary powers, and who does no substantial amount of work of the same nature as that performed by non-exempt employees of the employer, and who is compensated for his services at not less than \$30 (exclusive of board, lodging or other facilities) for a work week.

### LOCAL RETAILING CAPACITY

"The term 'employee employed in a bona fide . . . local retailing capacity' in Section 13 (a) (1) of the act shall mean any employee who customarily and regularly is engaged in making retail sales the greater part of which are in intrastate commerce, or who performs work immediately incidental thereto, such as the wrapping or delivery of packages, and who does no substantial amount of work of the same nature as that performed by non-exempt employees of the employer.

### OUTSIDE SALESMEN

"The term 'employee employed . . . in the capacity of outside salesman' in Section 13 (a) (1) of the act shall mean any employee who customarily and regularly performs his work away from his employer's place or places of business, who is customarily and regularly engaged in making sales as defined in Section 3 (k) of the act, and who does no substantial amount of work of the same nature as that performed by non-exempt employees of the employer. For the purposes of this definition, recurrent routine deliveries, whether or not prior orders are placed by the purchasers, and collections, shall not be considered sales."

# Wages and Hours Act

## IV. INTERPRETATION OF OVERTIME PAY

SECTION 7 of the Fair Labor Standards Act deals with maximum hours and overtime compensation. Section 7 (a) limits the number of hours that an employer may employ any of his employees who are engaged in commerce or in the production of goods for commerce to 44 hours in any workweek—this limitation becomes 42 hours on October 24, 1939, and 40 hours on October 24, 1940—unless the employee receives compensation at a rate "not less than one and one-half times the regular rate at which he is employed." It is clear that there is no absolute limitation upon the number of hours that any employee may work, but there is the requirement of time and a half for overtime, and hours worked in excess of 44 hours a week are to be considered overtime.

Even as to this requirement of overtime payments there are exceptions provided for in Sections 7 (b) and 7 (c). Thus Section 7 (b) provides that an employee may work up to 56 hours (12 in any work-day) without time and one-half overtime compensation (1) where a collective bargaining agreement made by representatives of employees certified by the National Labor Relations Board provides that no employee shall be employed more than 1000 hours during any 26 consecutive weeks or 2000 hours within a year and (2) for not more than fourteen weeks in any calendar year, where an industry is found by the Administrator to be of a seasonal nature. It should be noted that the 1000 and 2000 hours exception is limited to an agreement (a) setting either 1000 or 2000 hours as the absolute maximum that may be worked in the given period and (b) made by representatives of the employees duly certified by the National Labor Relations Board. It should also be noted that the word "seasonal" does not mean in industry operating throughout

the year, even though there is a peak of activity at one or more times during the year, but only applies to an industry which because of natural conditions affecting the supply of the materials worked on operates only a limited part of the year (See Regulations of the Wage and Hour Division—Part 526). Section 7 (c) provides a complete exemption from the hour provisions for certain types of industries such as the first processing of milk and the ginning of cotton, and, for fourteen workweeks, for the first processing of perishable fruits and vegetables and of agricultural or horticultural commodities (during seasonal operations and within the "area of production" as defined by Regulations of the Wage and Hour Division—Part 536).

The 44-hour limitation in Section 7 (a) is a limitation upon the number of hours that may be worked in any workweek free of time and one-half overtime compensation. The workweek is seven consecutive workdays, but may begin at any time of any day, save only that no change can be made for the purpose of evading the Act. There is no general limitation on the hours that may be worked in any one workday, or on a Sunday, or on a holiday. Any 44 hours within the workweek may be worked. But there may be no average over two or more weeks since the Act clearly takes as its standard a single workweek. Thus, where an employee works 34 hours one week and 54 hours the next, he will receive time and one-half overtime compensation for the 10 hours over 44 worked the second week. Time lost for any reason (such as holidays, sickness, vacations) during one workweek cannot be made up the next or any following workweek unless the employee receives time and one-half over-

time compensation for hours in excess of 44 in the succeeding week.

Overtime must be compensated at a rate not less than one and one-half times the regular rate at which the employee is employed. The Act is clear that it is the employee's regular rate of pay on which time and half is based and not any minimum wage set in the Act. Time and half overtime compensation means one and one-half time the regular hourly rate of pay.

The regular hourly rate of pay which (except as to workers specially provided for in Section 14) cannot be less than the minimum hourly wage set by Section 6 or by a wage order of the Administrator pursuant to Section 8, is arrived at, in various cases, as follows:

- (1) the piecework earnings (including production bonuses, if any) averaged over the hours worked, or
- (2) the agreed hourly rate (average hourly rate where there are production bonuses) or
- (3) the weekly wage (including production bonuses, if any) averaged over the regular number of hours per week determined by agreement or custom, or
- (4) the weekly wage (including production bonuses, if any) averaged over the total hours worked where there is no regular number of hours.

A few examples may be helpful.

Where an employee is employed on a piecework basis, the regular hourly rate of pay is the total earnings per week (including production bonuses, if any) divided by the number of hours worked. Thus if the total earnings in any workweek of 48 hours are \$24, the regular hourly rate of pay is 50 cents, the compensation for each of the last four hours is 75 cents and the total wage \$25 ( $44 \times 55 + 4 \times 75$ ). To put this same example in the form suggested by the sample

payroll form included in the Explanation of Records Regulations—Part 516: the earnings at the regular rate of pay for the hours worked are \$24, the extra earnings attributable to the excess of the overtime rate over the regular rate are \$1, and the total wage is \$25 ( $48 \times 50 + 4 \times 25$ ).

If the hourly rate is agreed upon the problem is identical. Thus a 50-cent hourly rate will bring, for an employee who works 48 hours, 75 cents the last four hours and a total wage of \$25 ( $44 \times 50 + 4 \times 75$  or  $48 \times 50 + 4 \times 25$ ). A \$4.80 bonus (for other than overtime) would increase the average hourly rate to 60 cents, the rate for each overtime hour to 90 cents, and the total wage to \$30 ( $44 \times 60 + 4 \times 90$  or  $48 \times 60 + 4 \times 30$ ).

If the rate of pay is \$22 for a 44-hour workweek (agreed or customary), the hourly rate is 50 cents and, where the employee works 48 hours, he will receive 75 cents for each of the last four hours or a total wage of \$25 ( $44 \times 50 + 4 \times 75$  or  $48 \times 50 + 4 \times 25$ ).

If the wage is \$20 for a 40-hour workweek (agreed or customary) and no compensation for overtime is either agreed upon or customary, the regular hourly rate of pay is 50 cents and, where the employee works 46 hours, the compensation is 75 cents for each hour over 44 and the total earnings \$21.50 ( $40 \times 50 + 2 \times 75$  or  $42 \times 50 + 2 \times 25$ ). It will be noted that the Act does not require compensation for the hours between 40 and 44, since even on the basis of 44 hours the employee has received for that workweek compensation at an hourly rate in excess of the statutory minimum. However, if it is customary or agreed that overtime over 40 hours be compensated, as, for example, by straight time in the last example given, the hourly rate would be 50 cents and the total wage \$23.50 ( $44 \times 50 + 2 \times 75$  or  $46 \times 50 + 2 \times 25$ ).

If the case last supposed is varied by assuming that time and a half for overtime is cus-

tomary or agreed upon for all hours over the customary workweek of 40 hours, the hourly rate would still be 50 cents, for it would be unfair to say that the regular hourly rate included the time and a half, which would result in time and a half on time and a half. This would also be true of a piece rate or hourly rate where time and a half is given for overtime work.

A monthly wage is subject to translation into a weekly wage by multiplying by 12 (the number of months) and dividing by 52 (the number of weeks). A semi-monthly wage is subject to translation by multiplying by 24 and dividing by 52. A \$26 semi-monthly wage will equal a \$12 weekly wage ( $26 \times 24 \div 52$ ). From there on the problem is the same as with the weekly wage just discussed. On a daily wage, the problem becomes one of finding the weekly wage and the hours worked therefor. Thus a \$3 daily wage for a regular 8-hour day in a regular 6-day week is simply an \$18 wage for a regular 48-hour week.

Several questions may arise as to the interpretation of the regular rate of pay in light of the provision in Section 18: "No provision of this Act shall justify any employer in reducing a wage paid by him which is in excess of the applicable minimum wage under this Act". Several cases will be supposed:

1. An employer prior to October 24 pays his employees 50 cents an hour for the 48-hour week customarily worked by his employees. On October 24 the employer reduces the hours to 44, without altering the hourly rate. This is not a violation of the statute. Congress intended to make it economically disadvantageous for an employer to work his employees excessive hours. If an employer eliminates the excessive hours, he is under no statutory obliga-

tion to increase his total wage bill by increasing the hourly rate.

2. An employer works his employees 48 hours, at an hourly rate well in excess of the 25 cents minimum. On and after October 24, he intends to continue the 48-hour week, but announces a reduction in the hourly rate to such an amount (but still above the statutory minimum) which, figured at the lower rate for 44 hours and at time and one-half for the 4 excess hours, will maintain the employee's weekly earnings exactly as they were prior to the effective date of the statute. No attempt will be made at this time to give any definite interpretation of Section 18, as applied to such a case. It may be pointed out, however, (1) that it is not safe to assume that a section of an Act of Congress is meaningless and (2) the attempt of the employer, in negotiations with his employees in reference to this proposed reduction in the rate of pay, to "justify" the reduction in the hourly rate by reference to the overtime provisions of Section 7 as the excuse for resorting to this device, might be considered a violation of Section 18, and warrant a court in holding that the purported reduction in the hourly rate is not really a reduction in legal contemplation; and that consequently "the regular rate", which is the basis on which the time and one-half overtime compensation is calculated in Section 7 (a), remains the higher rate as it existed prior to the purported reduction.
3. An employer pays 50 cents an hour for a customary workweek of 44 hours. In anticipation of an expected rush of 2 or 3 weeks, during which the obligation to pay time and one-half overtime would accrue, he announced a reduction

of the hourly rate, which he later restores after the rush has receded to the normal 44-hour week. Such a subterfuge would seem to be clearly unavailing; the *regular* rate of pay would be the customary rate of 50 cents an hour, rather than the purported reduced rate announced for the weeks of overtime employment in an obvious effort to circumvent the provisions of Section 7.

4. An employer pays 50 cents an hour for

a customary workweek of 44 hours. He announces that he is reducing the hourly rate to 25 cents an hour, but he promises to pay each employee not less than the amount paid prior to October 24. This subterfuge would be equally unavailing; the *regular* rate of pay would be the customary rate of 50 cents an hour which the employer had guaranteed his employees, rather than the purported or reduced rate.

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# Book Reviews

## WPA INDEX OF RESEARCH

The results of some 2,000 research projects carried on as part of the federal work relief program are summarized briefly in a digest and index which has been published by the Works Progress Administration. This volume of 291 pages contains a concise statement of the principal conclusions of each study and an alphabetical subject index to the contents. The reports on these projects touch upon nearly every field of natural and social science and many of them have appeared in the form of articles in scholarly journals. However, several hundred of the reports summarized in this index are in

manuscript form, and arrangements have been made with the American Documentation Institute whereby microfilm copies of the original reports will be furnished at nominal rates for the use of research specialists. A small edition of this volume has been prepared for distribution to the larger public and university libraries, where it will be available for reference, and for government departments, industrial concerns and research foundations. A limited supply of copies of this Index of Research Projects are still available. Requests should be addressed to the Works Progress Administration in Washington.

## A STUDENT PERSONNEL PROGRAM FOR HIGHER EDUCATION

By Esther Lloyd-Jones and Margaret Ruth Smith. New York: McGraw-Hill Book Company, 1938. 322 pp. Price \$2.75

Reviewed by EVERETT VAN EVERY

About what is slowly coming to be known as personnel work in universities and colleges, and about which so much has been written in recent years, the authors write deeply, fearlessly and critically. The treatment is not exhaustive, but it is adequate and complete. University administrators, curriculum officers, guidance workers, counselors and assistants in secondary schools and colleges will find this volume an excellent source-book for helpful ideas and practical working methods.

The first part treats of the philosophy and organization of student personnel programs.

The second part deals with the more commonly understood parts of student personnel work such as Selecting and Admitting Students, Orientation, The Social Program, Counseling, Discipline, Educational and Vocational Guidance, Financial Aid, Extracurricular Activities, Housing, Health, Religion, Placement, Personnel Records, Office Administration, Research and Evaluation. In



discussing counseling as a function for giving students individualized help, the authors call for a philosophy of method rather than polished routines and since these are specialized divisions and developments they require highly trained and competent people.

Some administrators may cringe under the indictment that too many rules and penalties, cloaked as discipline, often constitute a kind of hand-washing gesture on the part of the school authorities who do not desire, or do not know how to handle discipline by methods more truly educational. The purpose of educational and vocational guidance programs should be to make information available in order that students may profit by their college experiences to their fullest capacities. Here we find a need for people with imagination, for it is the imaginative person who can understand people and create jobs. Such workers naturally relate employment to the general educational program in order that self-support and the need to work should supplement rather than interrupt or handicap a student's academic pursuits.

The authors stress the good-will possibilities of the alumni placement office and point out how it can readily become a valuable public relations bureau. The placement officer who

knows the conditions in business, industry and education through actual personal experience is invaluable as a source of information and advice; and vocational guidance from such a placement point of view can be a vital part of the general institutional plan to help students to prepare for positions in which they are interested and to further realize that a liberal arts education does not prepare directly for jobs.

The chapters on Student Personnel Records and Research and Evaluation are disappointing: more specific examples of the various personnel records together with their use and experiences of various institutions and more specific mention of needed research work in student personnel work, would seem to be more in keeping with the other chapters—and certainly more helpful to the layman.

The authors have done precisely what they set out to do—present a complete plan for a student personnel program for universities and colleges. And when we think how little these institutions are really doing to further vocational guidance it would appear that this book is a sound, practical source to which administrators can profitably turn in planning to get down to business on student personnel programs.

# PERSONNEL Journal

*The Magazine of*

LABOR RELATIONS AND PERSONNEL PRACTICES

Published by PERSONNEL RESEARCH FEDERATION

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The Philosophy of the Clothing Union is  
That it is Equally Responsible with Man-  
agement for the Prosperity of the Indus-  
try and Should not do Anything to Injure  
it any More than Management Would.

## Working *with* Sidney Hillman's Union

By MORRIS GREENBERG

Hart, Schaffner & Marx,  
Chicago, Ill.

**M**R. J. E. WILLIAMS, arbitrator for the first seven years of the Hart, Schaffner & Marx agreement with the Amalgamated Clothing Workers' Union, in a long series of decisions, worked out and developed the philosophy; the best and most successful relationship can exist only where there is on the one hand a strong, aggressive, and efficient management, which has power and discipline to enforce its just needs, and on the other hand, a strong, well-knit, well-organized union.

A union deputy who speaks only falteringly for his people, who is not at all certain that he can carry out, or get the people to live up to, an arrangement which he makes in their name, is not of much use in any situa-

tion. It is in weak unions, badly organized unions, union in so-called open shops or preferential shops, where they have to devote a great deal of thought and effort to maintaining their status that such deputies are encountered.

In such situations leadership is more concerned with small things, things which affect its own petty interests, than with larger, constructive matters.

Of course, it is asking a great deal of a management group which for years had a definite anti-union philosophy, to re-make that philosophy suddenly and completely because of the signing of a collective agreement. But unless they do and until they do, there will be trouble.

### *Design for Collective Bargaining*

There is required at an early stage of the initiation of collective bargaining, as careful an analysis as possible of the basic problems of the particular industry, the setting up of machinery designed in the light of the facts of the situation to handle the matters that will come up from time to time and the development of a proper spirit on the part of the members of management—the foremen, the superintendents, the timekeepers, the rate makers and so on—and of an understanding of the system so that they can administer it in a day-to-day manner in a way best calculated to get good results.

All of this is vague and general. I will try to give it a little more meaning by discussing some of these problems in a more detailed way to show they can be met, how a situation which is fraught with all sorts of possibilities for trouble can be so developed that these troubles are minimized and the best factors in the situation retained and strengthened.

#### *Jointly Set Rates*

Piece work is used for about 85 per cent of the work in our plant. I don't know of any wage payment plan that has been more roundly cursed by both sides, and with more reason, than piece work. All who have had experience in rate setting, and are familiar with the philosophies and theories of wage payment plans, know what an instrument for

deviltry and damage an unlimited piece work system can be.

The old method of having rates set by management alone, everywhere gives rise to self-defense on the part of the workers, to loafing, soldiering and disregard of quality.

This does not happen any more in our plant. Piece rates are set jointly. All piece rates when set are carefully recorded. There is prepared a specification setting forth exactly quantity and quality of the work covered by the piece rate. In extreme cases, where a written description is not adequate, a sample of the work itself is put on file.

The right of discipline to maintain the specification, suspension of workers for failure to do work in accordance with the specification, in extreme cases the discharge of workers for failure to do the work as specified, rests in the hands of management.

#### *Rigid Discipline Maintained*

The impartial machinery has again and again confirmed actions of discipline taken on the part of the company to promote or enforce the maintenance of quality standards, and has gone farther. In cases where, through lax management, specifications have been allowed to lapse, the impartial machinery has seen to it that the firm is penalized. The firm need not come crying for sympathy to the impartial machinery for failure on its part to enforce its rights.

This will sound rather peculiar to those people who are skeptical about

management's right of discipline under collective bargaining; that the machinery set up under collective bargaining has had to force management to exercise its rights. But that is the truth. And it has been, incidentally, a most welcome and efficient aid to management.

So we have accomplished two things. We have created in the minds of the workers of a feeling of confidence in the honesty and fairness of the rates. They must feel that way since they help make them. We have not only maintained but have done a great deal to strengthen the power of management to exact for these rates the quality levels to which it is entitled.

The third fear and bugaboo in respect to piece work on the part of workers, the fear of arbitrary changes in piece rates, is removed because the company cannot change a piece rate. It can bring an action before the impartial machinery for the change of a piece rate, as can the workers, if experience demonstrates that an error has been made, but changes of that kind command confidence and respect.

#### *Fat Juicy Rates*

People frequently say to me, "Don't you often find that under that kind of rate making, the union takes advantage? The union enforces high rates here and there?" Yes, they do. We did find that, but that situation tended to correct itself in this way: A deputy is after all a representative, chosen by votes, and

like most people so chosen, has to do what he can to maintain himself in favor with as large a group of his constituency as possible. If a deputy has been successful in putting over a cute trick and getting a nice, fat, juicy piece rate for a section, he is very quickly met by other sections saying to him, privately, "Look here, brother, I belong to this union, too. How about doing the same thing for me?"

In a situation where there is impartial machinery, an established rate structure, and specifications protecting the piece rates, that is a very difficult thing to do. The deputies in our situation, even if the rate making capacity of management had been more limited than it was, would soon have found themselves in a situation where it was to their own best interests to make piece rates that were fair and defensible.

It has tended to work out in that way, not because of any high-minded ideals on the part of the deputies—surely in the early days of our arrangement they were out to get what they could—but because the force of circumstances, the political necessities, the political repercussions of the things they did taught them that for their own interests it was better to have a sound, intelligently balanced rate structure. It removed pressures on them that they did not want to face.

The same thing is true and the same approach is possible with any rate system. I hold no special brief for piece work; but I think if I were

organizing a new plant today and had free choice of a payment system, I would choose piece work, if the nature of the industry were such that rate making could be done intelligently.

#### *Other Problems Aided*

In setting up a decent wage payment system, one where there is tied into the making of the rates a definite specification of the work to be done for the rate, with the duty and responsibility of the company clearly established to maintain an exact performance of the quantity and quality of work for which the rate is set, you have gone a great part of the way to solving the quality problem.

To the extent that you place the mechanisms for adequate discipline in the hands of management, to enforce the quantitative and qualitative performance of the various specifications, you have solved the discipline problem.

All of these problems are interrelated. None of them stands alone. And that goes all the way through the entire field.

The maintenance of the proper quantitative level in production raised quite a lot of trouble in the beginning, and here again, as in the case of piece work, the end result was a forcing upon management by the impartial machinery, of a clear recognition of its duties and its obligation, of its part in the maintenance of a decent production level.

The problem of maintaining an even flow of work is frequently little

understood and that is true in both union and non-union plants. In the non-union plants, with the same degree of understanding, less is done about it by management because less pressure is brought to bear on management to do things about it. Under a union arrangement, more pressure is brought to bear upon management to do things about it, with the result that in the long run, everything else being equal, management must be better and work flow more evenly. Management is forced in self-defense to be better under a system of collective bargaining.

#### *Balancing Work Flow*

It is obvious that in any system based on the division of labor, to maintain an even flow of work, the personnel in various sections or groups handling different parts of the work must be balanced. The plant, the equipment, must be available for the handling of the same quantity, and the same quantity of work must be fed to each section per unit of time.

It sounds simple and it seems almost silly to have to say it, but most violations of good management in the matter of maintaining flow of work are violations of just such simple and obvious common-sense rules.

If I have a section of tape sewers which has to turn out a thousand units a day and following them is a section of tape fellers which has to fell a thousand tapes a day, and next

to them is a section of tape pressers which has to press a thousand tapes a day, it is perfectly obvious that if the tape sewers don't sew a thousand a day, the fellers won't get thousand to fell, they can't fell what they don't get, and so on down the line. There he blocks in production and blocks in the earning capacity of the people in the sections that are affected, giving rise to serious irritations and complaints.

Under non-union operation, the standard attitude of management toward complaints of that kind by workers, is, "It's none of your business. We're running this plant. If you don't like it, go work somewhere else." That is not management, that is an evasion of the problem of management, and a method under which bad management is perpetuated.

#### *Positive Pressure of Union*

Under a collective agreement, however, pressure is brought to bear when the tape fellers come and say, "Look here, you're forcing us to sit around and wait for no fault of our own; either give us work to do or pay us for waiting time." It forced good management down our throats. We had to be good managers in self-defense.

There has been another interesting development. Many people can see only the negative values in dealing with workers under collective bargaining schemes. They see collective bargaining machinery as a way to avoid trouble, a negative value, and they overlook the positive

values. There are definite positive values and in my judgment, they often equal and in some cases outweigh the negative ones.

Here is one of these positive values: Under our system of operation, the girls in the tape felling section watch very carefully the people who come into the section preceding them. The plant starts to work at 8 o'clock, and if by 8:10 or 8:15 there are two or three people absent out of ten or fifteen, they don't wait very long before going to their shop chairman about it. The shop chairman gives the production supervisor a few minutes, a reasonable time, to get around to correcting that break. If within a reasonable time he has not done anything, the chairman calls the matter to the supervisor's attention. At first our management resented this interference with their ancient "right" but the company has learned to see the positive values in such a system. You can call it union interference if you like, but as the executive responsible for results, I call it coöperation. It is just as much co-operation if its motive is self-interest, as if its motive were something else. The result is the same.

#### *Contributions to Management*

It goes even farther because now a shop chairman not only announces that there are two tape sewers missing but he adds, "I'm sending over Susie and Mamie. In fact, they are over there now. Is that all right with you?"

The same thing happens in quality.

Again, the motive is self-interest. If the tape sewer does a bad job of tape sewing and our quality supervisors do not catch it, the next section has a harder job to do the tape felling and stands a chance of being blamed for bad work which is not their fault. In self-defense they call the attention of the shop chairman to it, when, in the rush of work, something is overlooked.

In matters of production, in matters of quality, in matters of personnel management, we get a great amount of help from the representatives of the workers. Again and

again, they will come to me and say, "Now, technically, in this situation you have the right to do so-and-so," or, "We have the right to do so-and-so, but don't you think it might be a better scheme if we were to do thus and thus instead, for these reasons."

Sometimes it is a better scheme, sometimes it is not, but the important point is that here is a type of constructive thinking, a positive contribution to management, that can come only through a decent, intelligent, and broadly administered collective bargaining arrangement.



In Answers to Eight Questions Mr. Greenberg, Vice President and General Manager, Gives the Details and History of the Development of the Present Relations of His Company with the Amalgamated Clothing Workers' Union.

# Practical Pointers on Union Relations

By MORRIS GREENBERG

Hart, Schaffner & Marx  
Chicago, Ill.

## *Does Seniority Govern Layoffs?*

NO, SENIORITY has nothing to do with it. Equal division of work is the rule.

We don't discharge except in individual cases for cause; and then they are discharged for cause, and seniority has nothing to do with it. If we have a certain number of cutters and have a very bad season, so that we have work for only one-third of the cutters, we have a choice of working that third full time for one or more weeks and then sending them home and calling the next third in full time for the next period, etc., or we can work the whole force one-third the number of hours. That is the principle we follow—equal division of work.

## *Do You Have The Check-off Of Union Dues?*

No, we do not. But what difference would it make if we did?

The union does not seem to need help in our case. We have what is technically a preferential shop but what is in fact a closed shop. A worker couldn't continue to work with us if he didn't pay his dues, not on account of what we would do; he could go on working there as far as we are concerned; but he would find it very uncomfortable.

Where there is a close-knit and well-organized union, speaking seriously, there isn't any problem of collection of dues and the question of who does collect them is a very incidental and unimportant one. Some people see red and froth at the mouth

at the very mention of the principle of the check-off. Some of them sound as though the things the founding fathers fought for in our Revolution weren't half as important as the question as to whether the firm should, or should not check off the union dues. I think, personally, it doesn't make a bit of difference, but we do not collect dues.

*Do You Have Trouble Introducing  
Labor-saving Improvements?*

In a general way, yes, but we have also been able to do quite a lot of that. There are limitations on us. For example, if a new machine came into the industry which would enable me to throw out 1,000 people, we couldn't go out today and just cavalierly throw them out. The union would sit down with us and work out the problem somehow. As a matter of fact, many such things have been done in the course of our arrangements with the union.

For one reason or another, there have been times when we have had surpluses of workers. We have paid dismissal wages, for instance, as a means of disposing of groups of workers from time to time. We have kept in touch and kept pace with the developments in the industry and with changes in our situation and have introduced improvements. It isn't easy; it requires negotiation in each case and working out the merits of the problem but the union officials have never taken the attitude finally of saying, "Despite your need and despite the situation, we won't let

you do this." That is, they haven't persisted in saying that for very long. They have said it but they haven't persisted in this attitude.

*How Do You Make Sure That You Will  
Have Enough Skilled Workers?  
Does the Union Help? Does  
It Limit Apprentices?*

There is no official policy on the subject but it tends to work itself out this way. We had a problem not long ago, a detail problem and yet one involving a few hundred people, where we were looking to make a quality change and at the same time we wanted to have a cost reduction. This is one of those impossible things like asking to have your pie and eat it too, but we were able to work that out.

The union worked it out for us, if we are strictly honest about it; and it involved, among other things, the taking in of about 200 new people, a type of worker that the union didn't have to supply. Had they been technical with me, they could have insisted on supplying 200 of such people as they did have, which wouldn't have been at all the kind we needed, all of them middle aged or better. Instead of which they brought in from off the streets about 200 brand new people. Both they and we took care, in fact they insisted that we set an age limit and take no one over 22, just for the purpose of bringing in some fresh young blood at the time that we were reducing cost.

When we have experienced a short-

age, the union has not interfered with me in training new people. For instance, sleeve sewing is one of the most highly skilled operations in making a coat. I would say it is probably the most highly skilled single operation there is in the making of clothing, and the best operators tend to be and become sleeve sewers. In the plant where there has been security of tenure since 1911, we have gradually begun in certain spots and at certain times to experience a shortage of sleeve sewers.

The union has seen this as their problem as well as ours. So we have taken younger workers from other parts of the shop who had the basis of experience and who we could most readily teach to do this other work instead of starting raw apprentices and teaching them. There has been no difficulty about that.

Gradually that works itself down to the end of the line, where we finally need a basting puller, and then we bring in somebody from the outside. There is no policy, but we haven't felt the pinch or the need of any people. If today we faced a sudden and sharp increase in volume, that would necessitate say a 50 per cent increase in productive capacity, it would be difficult but not impossible to secure the new people. The union would cooperate.

*How Does Such a Union Management Relationship Develop?*

Up until the time of unionization in 1911, which came after a very bitter and bloody strike, there was

nothing in the way of any relationship, any organized relationship, between the workers and the management. It was possible for Mr. Schaffner, for instance, who was a very high type of man, very cultivated and a truly educated gentleman in the real sense of the word, to say truthfully in 1911, in the course of the strike, at a public hearing as to the reasons and causes for the strike, that he did not know of the things that had been going on in his plant. It was not an evasion; it was not an alibi; he really didn't know.

The company operated at that time under a system where the superintendents were virtually independent contractors. It said to a superintendent, "Here is a factory, fully equipped. You manage it, and we will pay you a base wage, a salary of so much. We will meet all the payrolls, supply the work and the materials, etc. You get the help where and as you can and we will hold you to a cost of so much per unit. If your cost is better than that, you will get a bonus on such and such a scale." All the matters of hiring, firing, making of rates, changing of rates, were up to the superintendent. The firm neither knew nor cared. It was interested in one thing, that if it put in so many units to that factory per unit of time, it wanted so many units out, and it didn't want those units to cost more than a certain amount.

After the strike and the unionization, there then developed, very slowly, a system of relationships.

Of course, the formal development was very rapid, because it was instituted almost on the completion of unionization. There was set up arbitration machinery that provided for committees of workers and committees of the firm and so on and so on. But this was more a formal creation than a real one. The real machinery, the real meeting of minds developed very slowly.

*How Did You Develop the System of Joint Rate-setting?*

Our rate structure is a very peculiar thing. Our company is a little over fifty years of age and our rate structure is about as old. Before the union, the rates were made by guess. That is to say, the management by itself would set a piece rate at what it thought it ought to be. How they arrived at it I don't know and I don't think they did either.

When the company was unionized, the rate structure as it then existed was taken over bodily as a starting point. They didn't suddenly go to piece work from nothing. Then, there followed over the years a series of general wage changes, a general 20 per cent increase, a general 10 per cent reduction, such and such an increase, such and such a reduction.

Incident to some of the increases and some of the reductions, there were broad leveling-out processes. At one time, for instance, the union came along and said, "We want a wage increase. The cost of living has gone up." The arbitration machinery, decided that in lieu of

giving everyone a 20 per cent wage increase, they would give an increase of 10 per cent to all people earning from a certain amount up, and all people earning below that amount would get a 20 per cent increase. In other words, they tried to level out broadly, without any scientific approach to the question of the individual rate or the rate structure by groups.

The same thing was done again in wage reductions, where the less well paid groups were reduced somewhat less than the others. So the general rate structure is a thing that was inherited as a whole, had an arbitrary beginning and has since been subjected to general levelings and adjustments. We can't claim to have a scientifically set piece rate structure. The only thing that can be claimed for it is that, pragmatically and practically, it works.

In a general way, workers performing operations where about the same degree of skill is required tend to earn about the same amount. That isn't strictly true. There are some cases on both sides out of line, some sections that I could wish were earning more in relation to what others are earning, and some that are earning entirely too much considering the skill that is required.

So much for the general structure. Under the union arrangement there have, however, been many job rates made from time to time, as new operations are created or changes occur in old work. Those rates are made jointly. That is to say, a representa-

tive of the company and a representative of the union come in and study the operation and try to agree on a piece rate. Always or practically always they have a great many related rates to go by. There is very little that is really new in our industry. A new operation is probably just a variant of an old one, or it is a combination of parts of this one and parts of that one, for all of which there is existing information as to rates and earnings.

Where the two people cannot agree, they go to the trade board. The chairman of the board, who is really an arbitration board chairman hears the dispute and writes a decision.

*How Did Your Foremen Like the New Arrangement with the Union?*

During the early years of the operation of our agreement the stumbling block lay right there. Our company kept on all its old foremen. These men suddenly had to take off their cloven hoofs and their tails and discard their pitchforks and put on the robes of angels—and they weren't too successful. It was a difficult change.

For the first few years Professor Earl Dean Howard administered the labor relations of our company. His job was largely that of educating and training the foremen. In a place as large as ours was then with as many ramifications employing as many people as it did that was possible only by his laying down rules. They were chiefly "Don'ts." A

foreman may not do thus and so, unless he first gets permission from the labor department, or a foreman shouldn't say that and he shouldn't say this and if he did, he had to stand for the results. By that process of clubbing an education into their heads, they gradually learned.

I am afraid I will have to say they learned chiefly to do nothing. That is a bad way of putting it, but it is substantially correct. It took some time then before they began to reassert themselves and began to see that the "don'ts" needn't be interpreted too literally, needn't be an injunction to cease doing anything. Slowly they began to learn from trade board cases, examples, and from all sorts of instruction the right way to do things.

It would have been cruel and ungrateful to have taken all these supervisors, foremen and superintendents and thrown them out and taken new ones, but I think the company probably would have done better to have weeded out where it couldn't educate. Instead of clubbing some of these men into a state of mind where I think they were next to useless, if they had transferred those they couldn't educate they would have saved a lot of trouble. Of course, that is easier said than done too.

These men were very skillful able men. It took such a man to have been able to operate under the old system, because he wasn't just an employee, he wasn't just a foreman, he was virtually an independent con-

tractor, who had to do everything for himself in a big plant, and that took a pretty able, aggressive man.

But in the first few years, there is no doubt about it that the labor department of our company took all the heart and much of the guts out of these men. They had to do it because these foremen just couldn't remember, just couldn't realize that there had been a basic change. They wanted to cut piece rates again; they wanted to fire workers again; they wanted to go on doing all the things that *they* knew were right. It was a tough job. That is one of the first and most difficult jobs that confronts any company newly entering into union relations, the conversion of the foremen.

*What Happened to the Workers Who  
Did Not Want to Join the Union?*

That was a problem that the union encountered. The union took over a thoroughly undisciplined mass of people, highly individualistic. The strike, as most strikes are, was organized and conducted and maintained by a minority, the most active, the most intelligent, the most aggressive group. That is what always happens. Many of the workers didn't understand where their interests lay and for a long time the foremen did their best to keep the groups divided and to keep them from joining the union.

When the contract was signed, all the membership didn't suddenly become union. All that happened was, the firm agreed to deal with this union for such of its employees as it represented, but nobody knew who it represented. The union didn't know and the firm didn't know. It took some time before all the workers came into the union; and that was a period of warfare and costly warfare.

It was a period of plotting and counter-plotting and put up jobs on both sides and all sorts of monkey business, utterly silly, ridiculous, senseless and idiotic.

As we see it now this is the most short-sighted thing a management can do because during the whole time, the people who are unionized spend the bulk of their time getting the rest in, looking for complaints, looking for things they can get for their members that the others won't get, to show those that are not in the union that it would be to their interest to join. When that issue becomes settled there is a chance for the growth of a decent, sensible point of view, and coöperative relations.

This is the experience of every man in personnel management who has had to deal with a partially organized plant, whether he has tried to keep the groups apart or not.

Policy Toward Married Women is Determined by Ease of Labor Market, Skill and Training Required for the Job, and Cost of Training New Workers. There are More Wives Employed in Factories than in Offices.

# Employed Wives Increasing

By DORIS BEST

Purdue University, Lafayette, Ind.

THERE is a definite trend toward an increase in the proportion of married to single women workers. This is evidenced by a comparison of the 32.5% of gainfully employed women who are married in the industries covered by a questionnaire with the 25.1% of gainfully employed women who were married, according to the census of 1930.

There is greater liberality toward married women employees in the South and Middle West, with the greatest variety of policy in the Middle West.

There is no relation between size of concern and policy toward married women employees.

There is a gradation of liberality of personnel policy toward married women by type of concern—i.e. non-

durable manufacturing, durable manufacturing, non-manufacturing.

## *Less Wives in Offices*

The offices of industrial plants rarely have the same policies toward their personnel as toward the factory employees and there is a tendency toward less liberality in these offices.

In general the offices of industrial plants have personnel policies midway in liberality between the extremes of policy of all other types of offices. This fact is reflected in the proportions of married to single women employees in the different types of offices.

In ascending order of liberality of policy the rank by type of office is Public Utilities; Insurance Home Offices; Industrial Offices; Wholesale

Concerns, Mail Order and Chain Home Offices; Financial Concerns.

There is a wider range of personnel policy toward the married woman in business than in industry.

There is considerably more liberality in the retention than in the hiring of married women.

Firms making no distinction in policy in the hiring or retention of married women tend to make no distinction in matters of pay increases, promotion, and layoff.

#### *Wives Experienced*

Policy toward married women appears to be determined by ease of labor market, skill and training required for the job, and cost of training a new worker. This is particularly true in manufacturing plants and explains the larger proportion of married to single workers in the non-durable industries making use of the highly skilled trades (i.e. clothing, shoes, etc.).

No conclusions can be drawn as to type of factory work, if any, for which married women are *particularly* fitted. Responding concerns listed in order of importance: Skilled or Semi-skilled piecework and Assembly (equal rank), Forewoman and Inspector (equal rank), and Supervisor. Since these are type of work in which experience plays an important part in success and since married women as a group are older and greater in experience, there is reason to believe that it is the married woman's greater experience on the job, rather than her marital state,

which accounts for her success in the types of work described above.

#### *Purdue Survey*

These are the results of a questionnaire survey of two hundred and fifty concerns recently conducted at Purdue University under the direction of Prof. R. J. Greenly and Dr. H. H. Remmers to ascertain the trend of personnel policy toward married woman workers in business and industry. Some forty percent of the firms approached returned the questionnaire with policies indicated as requested. An analysis of these replies indicates that there is a definite trend toward the increased employment of married women in both business and industry.

Assuming the questionnaire sample to be representative and comparable, this increase has apparently taken place despite the business depression, inasmuch as the percentage of married employees in the firms covered by the questionnaire was 32.5% in 1938, as compared with 25.1% for the nation as a whole in 1930, as shown in 15th Census U.S. 1930 Population Report on Occupations.

The questionnaire covered the problems of employment, retention, pay increases, promotion, lay-off, and work aptitudes of married women workers in business and industry. In industry the survey covered the office and factory employees in fields of durable and non-durable goods manufacturing. The non-manufacturing field included the office employees of financial houses;



mail order, chain store, and insurance home offices; public utilities; wholesale firms, etc. A total of 154,889 women workers was covered by the survey.

In the case of industry, the policies of office and factory were treated

under no circumstances did they employ married women. Among office employers there was a wide range of policy, including several not covered in the original questionnaire. The table below indicates policies checked for factory and office:

*Summary of Replies to Question 1*

	Factory, %	Office, %
1. No regulation based on marital status	5.7	38.6
2. Hiring is up to department head or immediate supervisor	11.4	12.5
3. Depends on how much woman needs job	6.8	2.4
4. Do not employ women if husbands employed	2.3	3.6
5. Do not employ women if husbands employed by same firm	0.0	3.6
6. Hire on temporary basis only	4.5	6.0
7. Give married women preference for part-time work	0.0	0.0
8. Policy not definite; changes from time to time	4.5	1.2
9. Do not hire married women	13.7	26.6
10. Others	6.8	6.0
	100.0	100.0

separately. The geographic distribution of the replies was representative of all regions, with a natural concentration, however, in the more heavily industrialized East and Middle West. Size of concerns ranged from plants employing fewer than one hundred workers to those employing over fifteen thousand; from concerns employing fewer than ten office employees to those employing over three thousand.

A brief question-by-question analysis of the survey follows. Provision was made on the question for separate checking of office and factory policies.

*(1) Please check your policy regarding the hiring of married women*

In the checking of this question, twice as many concerns in the office class as in the factory indicated that

Under "10—Others," several companies indicated that in the case of a tight labor market any regular policy would be discarded in favor of hiring the right woman for the job, regardless of marital status. Among other policies listed were: hire only when can obtain only married women who have special qualifications needed for a particular opening; hire married women for easiest physical jobs only (factory); hire except when relative in same department (i.e. husband); hire except when husband in supervisory capacity in firm; hire except when husbands employed by competitor.

Of those concerns who gave reasons for the policy checked, almost all who checked "No regulation based on marital status" indicated that efficient operation was their major personnel problem. Many

firms, particularly offices checking this policy and factories requiring highly skilled labor, pointed out that any policy excluding married women workers would make only more difficult their major management concern—that of obtaining highly qualified employees. This is a particularly important consideration because so many qualified "old help" wish to return to work after a brief interval immediately following marriage.

### *Wives as Labor Reserves*

Former women employees who have left the company's employ after marriage often welcome an occasional opportunity to add to the family income. Several concerns keep such women on a special "call" list and rehire them "on temporary" for all rush work. This provides a trained, readily available labor reserve of whose ability the company is assured from past performance. It enables the wife and mother to earn a few dollars during the year and avoids the social problem of her working full time outside the home.

Those concerns not hiring women whose husbands are employed explain their policy on the basis of the effect of such employment on the morale of fellow employees and on public opinion. Disapproval on economic and social grounds, jealousy, accusations of favoritism and envy of the double income to which the married woman contributes, are given as undesirable results of the hiring of married women.

### *Why Not Hired*

There is, finally, the group of concerns which checked, "Do not hire married women." Among the reasons given for this policy are the following:

1. Married women less dependable.
2. Married women lose more time.
3. Married women less efficient—distracted by home and financial worries.
4. Employment of married women has bad effect on morale of other workers and on public opinion.
5. Married women work only to supplement their husbands' incomes—money goes for cars, extra clothing, etc.
6. Would rather give single girls chance to use their training.

It should be pointed out, however, that several concerns who have given efficiency as their main reason for *hiring* married women have stated that they were as dependable—some said more so—than single women because they spent less time out at night and conserved their energy for working hours; were more efficient workers because they *needed* their wages to help support dependents, meet hospital bills, etc. whereas the single girl worker, usually living at home and paying little or no board and rent, needed the job less and made less effort to succeed at it, and spent her income on clothing, movies, beauty treatments, etc.

- (2) *Please check your policy regarding the retention of women who marry while in your employ.*

Considerably more firms indicated that they *retained* women who marry while in their employ than checked a

policy of *hiring* women who were married. 80.0% of the factories and 66.6% of the offices checked the former policy, while only 50.0% of the factories and 38.6% of the offices checked the latter. The ratio of factories to offices retaining women marrying in their employ is 4:1.

Below is a summary of the policies checked by the concerns answering this part of the questionnaire:

*Summary of Replies to Question 2*

	Factories, No.	Offices, %
1. No regulation based on changed marital status	80	66.6
2. Place on temporary basis	25	25
3. Will keep employee if service record of specified length	0.0	25
4. Retain women difficult to replace	0.0	25
5. Allowed to continue working for definite period of time, after which resignation is automatic	25	7.4
6. Up to department head or immediate supervisor	25	3.7
7. Depends on how much woman needs job	25	1.2
8. Marriage requires immediate resignation	25	9.9
9. Others	75	3.7
	100.00	100.00

Among the miscellaneous policies listed under "9—Others" were: cannot work in same department with husband; cannot work in same company in supervisory capacity; keep only in rare occasions—when illness or disability in family, etc.

Efficiency was again the most important reason given for the retention of marrying employees. Of the two companies checking "Will keep employee if service record of specified length" one set the required length at six months; the other at two years. Both concerns were giving policies for clerical personnel.

#### *Limit on Work After Marriage*

Of the one factory and six offices indicating that they allowed married

employees "to continue working for a definite period of time, after which resignation is automatic," the industrial plant and three of the offices specified no length of time. Two of the offices, however, specified six months and a third specified three months to one year, depending on the difficulty of replacing the individual.

The concerns checking "Marriage requires immediate resignation" gave

for this policy many of the reasons already given for "Do not hire married women." One utility company, however, had the unusual policy of granting one week's pay for every year of service up to and including the fourth year. This grant was made subject to the discretion of the officers of the company and only if the employee informed the concern in advance of her coming marriage. In general, there seems to be considerably more liberality of policy in the retention than in the hiring of women employees. Perhaps the feeling that any policy against retention will result in numerous secret marriages has led to the adoption of this more liberal personnel attitude.

(3) *Please indicate your policy regarding the advancement of qualified women workers.*

On this question, for the first time in the questionnaire, the answers of factory and office approached similarity. 94.2% of all factories and 86.4% of all offices follow policy "Marital status no hindrance to advancement." It should be understood, however, that only the more liberal offices and plants will have replied to this question; firms not hiring or retaining married women will have gone no farther than question 2 in this questionnaire.

(4) *What is your policy regarding pay increases to married women employees?*

All industrial plants responding to the questionnaire grant pay increases of some type to their married women factory employees; 93.9% of replying offices follow this policy. Three office concerns grant no pay increases to married women; one allows them a smaller rate of increase.

Here again the promotion of efficient operation was the reason most often given for the granting pay increases without regard to marital status. There seems, in general to be less tendency to make distinction

*Summary of Replies to Question 3*

	Factories	Offices
1. Marital status no hindrance to advancement	94.2	86.4
2. Definite advancement limits set for married women employees	0.0	9.1
3. Marital status disqualifies any woman employee from advancement	2.9	3
4. Married women given special preference for advancement		
5. Others	2.9	1.5
	100	100

*Summary of Replies to Question 4*

	Factories	Offices
1. Pay increases granted to all qualified women employees	80.0	93.9
2. Pay increases not granted to married women employees	0.0	4.6
3. Rate of increase smaller in case of married women employees	0.0	1.5
4. All women employees on piece-rate basis	14.3	
5. All women employees on wage incentive basis	5.7	
6. Others		
	100	100

Here again the reasons for checking "Marital status no hindrance to advancement" seem to be those given elsewhere for the hiring and retention of married women: stimulation of efficient operation, reduction of turnover costs, fairness, provision of equal incentive for accomplishment for all workers. Concerns checking other policies gave no explanation.

in policy toward married women, if the concern has already checked no distinction for questions 1 and 2.

(5) *If a general layoff were necessary, would you drop married women employees first?*

By far the large majority of both factory and office replies indicated that the value of the employee, not

her marital status, would determine order of lay-off. Often this reply was checked in conjunction with that on the observance of seniority, which

married women are found to be particularly successful. The number and nature of the replies to this section of the questionnaire have been

*Summary of Replies to Question 3*

	<i>Factory, %</i>	<i>Office, %</i>
1. Yes	2.6	5.0
2. Would depend on value of employee	52.8	54.8
3. Would observe rule of seniority, regardless of marital status	38.8	4.8
4. Others	8.3	9.7
2-3 Combination of 2 and 3	19.4	22.7
	100.0	100.0

is observed not only in the industrial plants, but in the offices.

Among the "Others," consideration of the financial need of the employee was indicated by two factory and four office concerns.

In this question, too, it should be remembered that it is the more liberal concerns which have answered this question; others have gone no farther than the first two questions.

In general, the feeling seems to be that no social values of "spreading the work," "giving the man a chance at the job," etc. are as important to the business and manufacturing concern in a time of retrenchment, as the retainment of the most valuable and efficient employees. This may explain the failure of campaigns directed at "getting the woman back in the home."

(6) *At what types of work are married women particularly successful?*

One of the original purposes of the questionnaire was to obtain data on the types of factory work in which

inconclusive. A summary of the data is presented below:

<i>Types of Work</i>	<i>% of Firms Checking</i>
1. Assembly	3.13
2. Sorting	6.25
3. Machine Operator	18.75
4. Order Picker	3.13
5. Packer	6.25
6. Inspector	15.62
7. Skilled or Semi-skilled Piece-work	18.75
8. Supervisor	12.50
9. Forewoman	15.62
	100.00

\* Based on 32 Replies.

With the exception of "3-Machine Operator," the five types of work receiving the most checks are in types of work requiring considerable experience and a rather more than ordinary knowledge of the processes involved. Comments of concerns checking these items indicate that it is the skill and knowledge of long experience which makes these women successful, not any intrinsic advantage arising from their marital state.

The only conclusions warranted from the returns on this section of the survey are (a) Where skill and experience count on a job, the skilled and experienced married woman is as

successful as an equally well-qualified unmarried woman. (b) It is quite possible that the dependability and steadiness which several firms gave as reasons for success of married women in various occupations may arise to a considerable extent from the stabilizing effect of home responsibilities, *but*, without more conclusive proof, there is no justification of assuming these qualities to be due to other than the greater stability of any *older* woman.

#### *Consumer Goods Industries Employ Wives*

Non-durable goods manufacturing establishments tend to be more lenient in the hiring and retaining of married women because of their limited labor market. This leniency of factory personnel policy is reflected in their office personnel policies, where over twice as great a percentage of married women is found as in the ordinary business establishment. Durable goods manufacturing companies offer a midway point between non-durable goods and strictly business concerns in both factory and office personnel policies.

*Proportion of Married to Unmarried Women Employed by Type of Concern*

	Factory Concerns	Consumer Goods Manufacturing
Non-Mfg.	12.71	
Durable Gds. Mfg.	33.43	
Non-Durable Gds. Mfg.	57.77	

Among the non-manufacturing concerns, finance companies including

banks, investment houses, accounting firms, loan companies, and wholesale and chain central offices show the greatest liberality of policy. Public utilities and insurance firms follow in that order.

*Proportion of Married to Unmarried Women Employed by Type of Non-Mfg. Concern*

	Finance Concerns	Insurance, Wholesaler, Utility, Industrial Offices
Finance	26.4	
Insurance	7.5	
Wholesalers & Chains	21.0	
Public Utilities	4.5	
Industrial Offices	15.6	

In general, the same relative position in regard to liberality of personnel policy toward married women holds for all types of concerns on all parts of the questionnaire.

#### *Geographic Differences*

There is greater liberality of policy in the South and Middle West, than in the Middle Atlantic and New England regions. Returns are too few to draw any conclusions for the West. There is a greater dispersion of replies and a greater variety, in the Middle West than in any other region. Possibly, its central position in the United States has made it subject to the varied influence of all regions, and there has consequently resulted its hodge-podge of convictions.

There seems to be no relation between size of concern and personnel policy toward the married woman worker.

Management According to Lewis Brown, President of Johns Manville Corporation, Must be Interpreted in Terms of Its Contribution to Improving the Lot of the Common Man and Increasing the Well-being of the Wage-earner and His Family.

# Protecting Health *of* Workers

By AIR HYGIENE FOUNDATION

Pittsburgh, Pa.

**M**ORE than 200 executives from 101 industrial concerns attended the third annual fall meeting of Air Hygiene Foundation recently held at Mellon Institute, Pittsburgh. The executives, from the four corners of the country, heard reports on latest advances in protecting the health of industrial workmen whose lose an estimated 200 million working days yearly because of illness. A dozen state and federal agencies sent special representatives to the meeting.

Reports covered engineering and medical developments during the past year toward employee health improvement, state codes governing health hazards, legal and economic trends. The program included findings from researches which are being

conducted under grants from Air Hygiene Foundation at: University of Pennsylvania for improving X-ray methods for large scale medical examinations of industrial workers; The Saranac (N. Y.) Laboratory for studies of "mixed" dusts and "protector" dusts in combating dust diseases; Harvard University for establishment of two graduate fellowships to help build up a qualified personnel of industrial hygienists to meet the increasing demand for these specialists. One incumbent is studying fundamentals of hood design for control of gases, vapors, etc. The other is studying the identification and distribution of dusts in tissues.

In addition to the technical discussions, speakers stressed the broad benefits for management, labor and

the community resulting from this collective effort by employers toward improving health in industry.

Speakers and highlights of the various addresses follow:

*New Laws Expected*

Theodore C. Waters of Baltimore, Chairman, Maryland Occupational Diseases Commission and member of the Foundation's Legal Committee, analyzed present legal trends as follows: "Twenty-one States have laws compensating disabilities arising from occupational diseases and, as we look forward to the 40 odd legislative sessions of 1939, there will undoubtedly be additional States enacting laws providing some form of compensation. The laws already enacted have given rise to various controversial questions affecting the relationship of employers and employees. Their present and future administration will create further problems.

"The subject of time lost by industrial workers because of disabling illness and the economic need for the prevention of such illness, with its attendant financial loss to employees is of vital importance. Since disabilities caused by those diseases which we call 'occupational' are far less numerous than those caused by the other common ills of life, it is a matter of concern to industrialists today that occupational disease laws should not be administered as general health insurance laws, to provide compensation for time lost by employees due to common ills.

"It is regrettable that occupational disease legislation has not been more uniform, although future amendments may tend toward uniformity and remove some of the inequities that now exist. When we analyze the provisions of the law of one State providing compensation for one specific disease and compare these provisions with the law of an adjoining State, we realize that this legislation is still in its infancy and subject to drastic revision.

"The 1939 sessions of the Legislatures will enact new laws relating to this subject or amend laws now effective. There are already indications that important amendments to existing laws will be offered. Careful consideration should be given to this legislative program. These laws are the result of definite economic need to afford to employees adequate compensation for injuries they have sustained during the course of their employment. At the time of enactment, employers were concerned about the additional cost to which they would be subjected, but to date it does not appear that the laws now effective have placed an unjust burden upon industry. It is too early to predict whether or not the administration of the laws presently enacted will be successful, but if they fail to accomplish the purposes for which they are designed, they should fail because of their inherent defects and inequalities, and not because of the attempt by employers to avoid the imposition upon them of costs for compensating injuries resulting from



operations to which their employees have been subjected."

### *Extent of Worker Illness*

Dr. Willard E. Hotchkiss, Maurice Falk Professor of Social Relations at Carnegie Institute of Technology and former President of Armour Institute, said, "A competent authority finds that an estimated 200 million working days are lost annually on account of illness and it is calculated that this runs into hundreds of millions of dollars. The question arises, 'What does this cost?' There are about 15 million people in the heavy industries in this country. If you assume there are four dependents for each industrial employee you will get 60 million people that are effected when a day's work is lost by illness."

Cost items are not completed when you get lost time, Dr. Hotchkiss stated, adding there is also impaired efficiency, labor turnover, disrupted operating schedules, particularly in continuous process operations, and the cost of training a new employee and placing a substitute in a job. In addition to the costs and hardships borne by the employee himself, ultimately we pay the big cost in our taxes. "The only question about the future of a problem like this," he continued, "is whether it is going to be handled sanely and constructively, and in a consecutive way based on science, or whether it is going to be handled emotionally and restrictedly and unintelligently."

### *Dusts and Gases*

Prof. Philip Drinker of Harvard, Chairman of the Foundation's Preventive Engineering Committee, announced that, "Two graduate fellowships have been established by Air Hygiene Foundation at Harvard University to train men in industrial hygiene. This will help build up a skilled personnel to meet increasing demands from industry and government for industrial hygienists. One candidate will study fundamentals of hood design for control of gases, vapors, etc., where low velocities are permissible. The other fellowship will study the identification and distribution of dusts in tissue."

"New solvents which were laboratory curiosities a few years ago are now sold in carboy and tank lots. This development brings new problems to the industrial hygienist. During 1938 the Preventive Engineering Committee issued seven bulletins covering practical measures for combating industrial health problems. The question of, 'What is the best apparatus and method for dust determination?' is still about where it was a year ago. The Bureau of Mines has shown that the impinger is inefficient for collecting lead fumes in air and suggests the use of an electrical precipitator. The Bureau of Mines has described a midget impinger which is run at a few liters of air per minute, instead of one cubic foot (28.3 liters). This equipment, very light and entirely hand operable, may gradually replace the large

impinger, particularly for work in mines. The various grab samplers are useful, particularly for routine control.

"There is great need for a critical survey of design and operation of existing exhaust systems in industry. Such a study would bring out fundamental requirements of design, particularly with respect to air velocities through hoods, transporting velocities, etc. Past experience needs to be studied critically in order to provide a basis for future design. The Committee recommends that a full-time fellowship be established to make such a study. The results would be of direct benefit in practical plant design, as well as in the development of codes and recommends standards of design."

#### *State Codes*

T. F. Hatch, New York State Division of Industrial Hygiene and a member of the Preventive Engineering Committee, discussed "State Codes for Control of Industrial Health." He said, "Code requirements of a state never quite catch up with the standards established in the best industrial establishments. It is estimated that less than 10% of the progress in accident prevention in industry can be credited to mechanical contrivances such as you would put in a code, and that better than 90% is the result of intelligent management. It is the same story here."

"Experience with code writing and administration shows that certain

fundamental principles are required in the successful code.

1. The objectives of the code must be grounded in facts. 2. The objectives must be clearly defined in terms that are capable of direct evaluation. 3. The code must be brief and concise as possible and must not involve complicated administrative techniques. 4. The code must be complete insofar as applies to different units of the industry. It must allow for several choices in the means of control and must make allowances for the differences between the large production plant and the small jobbing factory. 5. The code must be flexible and must not discourage experimentation and the development of new control methods. At the same time it must be sufficiently rigid to require positive action on the part of the non-sympathetic plant operator. 6. The code should be written as an instrument for education as much as for enforcement.

In order to avoid mistakes, it is essential that the code-making body has the fullest cooperation and positive help of the industry involved."

#### *Reducing Silicosis*

Dr. Leroy U. Gardner, Director, The Saranac (N. Y.) Laboratory reported findings in a study of "mixed" dusts and "protector" dusts which he is conducting under a grant from the Foundation. His investigations show that the mixing of inert dust with quartz seems to retard incidence to silicosis. While many substances may act as inhibitors, not all of them are equally effective. When the proportion of silica reached 50% or more of the mixture prolonged contact with the tissues may ultimately cause fibrosis. Early observations of metallic aluminum and the hydroxides of aluminum and iron indicate that each of these substances may be more potent in protective effects than numerous other minerals

examined in the tests. Dr. Gardner cautioned that observations over much longer periods than those reported will be required before positive conclusions may be drawn.

He said, however, "The data suggest that analysis of the rock being worked does not necessarily constitute a measure of the silica hazard in a particular industry. When more evidence has been analyzed it may be found practical to use the proportion of silica in the atmosphere as the basis of state codes. It is hoped that the modifying influences of other dusts may also be established upon a practical basis.

"The principles involved in these studies probably explain the variations in the rate of development of silicosis in different industries. Ultimately they may make it possible to neutralize the effects of silica upon the body. At the present time their influence is not sufficiently understood to be used in this manner. In the speaker's opinion the major objective in the campaign against silicosis is still the elimination of silica dust from the working atmosphere."

*Lewis Brown Quoted*

Speaking on "Industrial and Public Relations Aspects of Industrial Health," V. P. Ahearn, Executive Secretary, National Industrial Sand Association said in part: "Attention has been focused on the need of steady employment at higher wages, but the Government generally has recently manifested a much larger interest—that of public health.

This particular adventure has been the cause of excited comment, but there can be no disputing the fact that the public as a whole has been aroused to the consciousness of the primary importance of health.

"A steady job, decent hours with good pay, is no longer the sole criterion. To that must be added industrial health. It is often characteristic of Government that when it swings with the pendulum, it swings too far and thus aggravates rather than cures. Unwise occupational disease laws have been written, but who can deny that there is an irresistible trend toward the enactment of such laws in every State? Those laws are responsive to the apprehension of employees about health hazards in industry. Industry will do well if it recognizes that fact and meets it intelligently.

"This question of industrial health is not the single problem of a single industry. Neither is it an emotional nor sentimental problem. It is a practical problem for industry as a whole to solve. Statutes of themselves will not provide industrial health. As in the case of industrial accidents, industry has always shown a capacity, once it recognizes and confronts a problem realistically, to make steady progress toward its solution. Air Hygiene Foundation presents a useful vehicle through which industry can pool its forces in eliminating or controlling hazards to health in industry. The necessary work can be done more effectively and economically.

"Nothing is to be gained from a failure to appreciate that either voluntarily or involuntarily, health hazards in industry must be reduced. That problem did not bear down on us so heavily in past years, but it is here today to stay. Management, according to Lewis Brown, President of Johns-Manville Corp., must hereafter be interpreted in terms of its contribution to improving the lot of

the common man, to providing an increased well-being for the ordinary wage-earner and his family. An inescapable part of this is health in industry. In this undertaking there must be a mutual spirit of tolerance."

*For fuller abstracts of any of the papers, or for the complete proceedings write to Mr. John F. McMahon, 4400 Fifth Avenue, Pittsburgh, Pa.*

"We are Enclosing an Employee Efficiency Rating Form for Miss Joan Smith. As Her Immediate Supervisor, You are Supposed to Rate this Employee, and Sign Same in the Lower Right-hand Corner (Back Side)."

# Training for better Letter Writing

By MILTON HALL  
Farm Credit Administration  
Washington, D. C.

How can we increase the effectiveness of our letters?" is a question being asked by agencies throughout the country. These agencies are impressed with the importance of letters in building goodwill. Organizations which conduct much of their business through correspondence are recognizing that their reputations for efficiency and service are determined largely by the letters they write.

Budget-conscious officials also are impressed with the cost of correspondence and with the opportunities for making large savings. The cost of the average letter in the average agency is estimated to be 75 cents. An agency with a weekly production of, let us say, 10,000 letters can by appropriate training reduce its letter

writing costs by at least 25 percent—and save about \$2,000 a week.

Many agencies therefore are beginning to give systematic training to letter writing executives and employees *at all levels*. These agencies find that appropriate training improves the quality of letters, builds goodwill, and saves money. But that is not all. The right kind of a letter writing training program can actually improve the methods by which supervisors handle their men, and results therefore in greater efficiency and morale of employees.

## *Program Fully Described*

All these worth-while results have resulted from a letter writing training program developed and followed through in the Farm Credit Admin-

istration. The program which has been carried on in the Washington office and in seven district offices, can be described in terms of five steps; (1) a survey of correspondence to find out what the major weaknesses are; (2) a series of meetings with officials and supervisors to help them to train their subordinates as well as to improve the quality of their own letters; (3) a series of meetings with the employees in each division; (4) a period during which supervisors make special efforts to train their men on the job during the regular course of business; and (5) a follow-up survey and report of progress. This work is conducted by a correspondence counselor who is on the staff of the Washington office and who works in coöperation with operating officials and the Personnel Office.

(The success of the program has been due largely to the exceptional abilities of the correspondence counselor, Mr. James F. Grady, who is Special Assistant to the Governor of the Farm Credit Administration.)

The program began at the top, and much of its success has been due to the support of our top management. The Governor of our organization and his immediate staff reviewed the plan and directed that it be put into effect. The program is introduced into a district office only when the top officials of the district request it.

#### *Survey of Correspondence*

The review of all letters written during a two-week period, Step 1

in the program, reveals weaknesses that will have to be dealt with in the later conferences. This review shows, for example, the extent to which the letters could be reduced in length without loss of clearness or courtesy. It finds the letters that are not clear—that will baffle and annoy the people with whom we do business—and the letters that carry incorrect or incomplete information.

It finds the letters written in an obsolete style—burdened with phrases like "your favor of recent date," "we wish to advise," "please find enclosed herewith," "as per your request," and "we beg to remain"—a style which may suggest to the addressee that our agency is clinging to out-of-date methods.

The survey finds also the letters that are inappropriate in tone, letters that may seem to the addressee to be arbitrary, indifferent, insulting, contradictory, selfish, overly apologetic, grudging, insincere, condescending, or blunt.

Very rarely we may come across an extreme illustration of how to lose friends as in the following letter:

"I am sure that you are aware of the fact that your payment of \$55.00 which was due on February 28, has not been paid.

"At this time I am going to give you until Monday morning, May 17, at 10:00 o'clock to have this payment in the Blanktown office. If this payment is not made in this office as above stated, I can assure you that my feelings will certainly be relieved by having the pleasure

of executing on your personal property as quickly as the sheriff can reach your farm.

"I cannot understand how a man of your supposed standing in your community can absolutely forget or ignore his obligations.

Respectfully yours,"

The survey provides a picture of the quality of correspondence at the beginning of the program, and also makes sure that the training meetings which are to follow will be tuned to the actual weaknesses and needs of the letter writers.

#### *Conferences with Executives*

Step 2 is a series of meetings with a group composed of the presidents and the other officers of the four banks and corporations located in the district, division chiefs, and the heads of the more important sections. The three purposes of the conferences are: first, to help the executives reach an understanding of acceptable letter standards and improve the quality of their own letters; second, to prepare supervisors to lead group letter writing conferences with the men in their own division; and, third, to better equip supervisors to do the long-time job of training their subordinates during the regular course of business.

During part of each meeting the correspondence counselor makes practical suggestions for the improvement of letter writing skill. He discusses such subjects as planning the letter, opening and closing paragraphs,

word choice and vocabulary building, and methods of constructing effective sentences and paragraphs. These suggestions are summarized in a manual, a section of which is distributed at the close of each meeting.

#### *Letter Appraisal Chart*

An understanding of acceptable letter standards is developed by use of a Letter Appraisal Chart. This chart, which is used throughout the conferences, provides letter writers with a convenient device for asking searching questions about their letters.

People get into the habit of asking, "Is my letter (1) complete, (2) concise, (3) clear, (4) correct, (5) appropriate in tone?" They appraise their letters in terms of such questions as, "Does it give all the information necessary to accomplish its purpose?" "Are the ideas expressed in the fewest words consistent with clearness, completeness, and courtesy?" "Is the language adapted to the vocabulary of the addressee?" "Are all statements in strict conformity with policies?" "Is the tone calculated to bring about the desired response?"

The significance of the items on this chart often may be effectively emphasized by the use of striking illustrations. For example, the need for adapting the language of the letter to the vocabulary of the addressee is dramatically brought out by the following pathetic reply to a letter which had carried a subject line

above the body and, in the text, had referred to "the above-captioned loan":

"I received yours of Sept. 27 saying that my RE loan No. 48027 was captioned and I have not heard any more from it yet so I am asking you to please quote me at once who had it captioned and what was it captioned for write me of the details do not hide the matter from me any longer and oblige yours  
....."

#### *Sample Letters*

Another letter told an applicant for a loan that we would be able to consummate the loan. His reply was "I don't see why you have to consummate it. Why can't you just send me the money?"

The importance of sentence structure in achieving clearness is effectively emphasized by letters like this one:

"We are enclosing an employee efficiency rating form for Miss Joan Smith. As her immediate supervisor, you are supposed to rate this employee, sign same in the lower right-hand corner (back side) and return to this office for final approval."

The standard of conciseness, which is violated more frequently perhaps than any other standard, must receive a great deal of attention. One common cause of verbosity, the wasteful practice of repeating or paraphrasing the incoming letter at length, may sometimes be ridiculed to death. Here is the opening paragraph of one

letter which carried to its logical conclusion this practice of paraphrasing the incoming letter:

"We have your letter of May 23 and note that you have a loan on your home; that your husband obtained a loan which is held by the Blank Corporation; that you have had poor eyesight and your husband has had neuritis; that you have had business difficulties; that your husband has been unable to pay his loan and is being pressed for payment; and that you are renting your home to tourists to make a living."

#### *Self Rating*

An important part of each meeting in Step 2 is given over to conference discussion of actual letters. In these discussions, which are led by *operating* executives, selected letters are appraised by the group in accordance with the letter appraisal standards. The chief purpose of holding these group discussions with the executives is to prepare them to conduct, as part of the third step of the program, similar group conferences with the letter writers who report to them.

Throughout the meetings attention is directed to the responsibility which all those in supervisory positions have for improving the letter writing skill of the men who report to them. Best methods of training men through day-to-day supervision are discussed, and the supervisors evaluate their own methods in terms of such questions as:

Have I come to a satisfactory un-



derstanding with my subordinates regarding the standards by which a letter is judged acceptable?

Do I ordinarily ask the original dictator to rewrite unsatisfactory letters—thus giving him an opportunity to learn—rather than revise them myself?

Do I remember to give encouragement and to commend my subordinates for good work and progress?

Do I make full use of my letter reviewing as a means of appraising my subordinates' knowledge of their field of work and of their ability to use this knowledge?

Do I take time to thoroughly acquaint my men with new procedures and policies which will affect the content of their letters?

#### *Conferences with Employees*

Next comes Step 3, in which the program is carried to the letter writers down the line. A series of meetings is held with each division under the chairmanship of its chief. These meetings are similar to those held with the group of officials and executives, except that the discussion of methods of effective supervision and training of letter writers is omitted. The correspondence counselor builds an understanding and appreciation of what constitutes an acceptable letter and, at each meeting, presents his suggestions for improving letter writing skill.

More than half the time of these meetings is given over to conference

discussion of important types of letters previously written by members of the division. These discussions are led by the chief and other executives who have been prepared for this work by participation in the conferences described in Step 2.

The members as a group appraise each letter, come to agreement about its weaknesses, and make constructive suggestions as to how it might have been written more effectively. Through these discussions the employees learn to recognize weaknesses in letters and get into the habit of critically appraising their own letters. More important yet, the members of each unit and their chief come to a common understanding as to what standards a letter must meet if it is to be approved.

This ends what may be called the formal part of our program, but it is only the beginning of the training. It is only the beginning because in developing letter writers we are changing and building habits, and this is a long-time job.

#### *Training by Supervisors*

In Step 4 the supervisors take full responsibility for training the men who report to them. We recognize, of course, that it is the supervisors and executives who are responsible for results and who, therefore, are responsible for training their men to achieve these results. We recognize that lasting improvement can come about only through the day-to-day relationship between supervisors and subordinates in which the super-

visor requires that satisfactory standards be maintained, demonstrates good letter writing practices, and helps his men to become increasingly expert.

The correspondence counselor has supplemented the work of supervisors, who are still responsible for training. He has given training in letter writing to both supervisors and employees, he has provided the directions and tools for further development, and he has suggested practical methods of training on the job through supervision. As the correspondence counselor leaves, the chief executive charges all in supervisory positions with the responsibility for continuing the training of letter writers.

#### *Follow-up Survey of Correspondence*

The fifth and final step of the program comes several months later when the correspondence counselor returns, makes another systematic survey of the district's correspondence, measures the improvement and notes the remaining weaknesses, and discusses with each supervisor the progress of his men.

#### *More Than Training in Letter Writing*

Many officials who have taken part in the program have commented that it is more than training in letter writing. They refer, for example, to the fact that the conferences frequently result in clarification of policies and procedures.

During the discussion of a letter

problem it often becomes apparent that all members of the group are not agreed as to what is the correct policy which should have guided the writer. The chief takes this opportunity to clear up misunderstandings and to state the policy.

An even more important outcome, however, is training in methods of supervising employees. While this is dealt with in terms of letter writing, its application is much broader. We are really suggesting sound methods of supervision in general when we discuss with executives such topics as: Methods of teaching subordinates to write better letters, ways of correcting men when they submit unsatisfactory letters, when to review subordinates' letters and when to delegate responsibility, how to stimulate employees to improvement, and the importance of explaining new procedures and policies which affect the content of letters.

#### *The Results*

What have been the results of this work? Already much evidence of improvement is apparent. For example, in the Washington office we have a Visé Section which reviews all outgoing letters. Before the program the Visé Section returned for correction from nine to ten percent of all the letters; now the figure is only about two percent.

The people in our organization have reason to believe that the quality of their letters, even before this systematic training, was at least as high as that of the average govern-

ment agency, or for that matter, of the average private business firm. Nevertheless, our follow-up surveys have shown in every instance marked improvement in the quality of correspondence. The letters are more direct, clear, concise, and appropriate in tone.

The reduction in unnecessary length of letters has been, according to conservative estimates, about 25 percent. In one district the officials themselves estimated the reduction to be approximately 40 percent. At 75 cents a letter, and with a volume

of many thousands of letters a week, this reduction is a significant item.

Our experience has demonstrated that by means of training in letter writing we improve the quality of our letters, strengthen our public relations by building goodwill, promote the growth and morale of employees, and reduce the cost of correspondence.

*Based on a talk made at the 30th Annual Meeting of the Civil Service Assembly.*

*Messrs. Hall and Grady have prepared a manual for use in letter writing training. It may be purchased from them at a cost of \$1.*

"We Advocate Widespread Adoption of the Spirit as Well as of the Letter of the Civil Service System in the Selection of Government Employes, as a Means of Promoting both Efficiency and Economy." 1938 Platform Plank of N.A.M.

# The Personnel Work of New York City

By MILTON M. MANDELL

Knoxville, Tenn.

IT is now five years since Mayor LaGuardia assumed office, and about fifty-five years since the adoption of a civil service law in New York State. What is the status of personnel administration in New York City under the supervision of this Chief Executive and this regulatory law?

The most outstanding contribution of the LaGuardia cabinet to personnel administration, besides the personnel practices of the Department of Welfare noted below, has undoubtedly been the Ordway-Laffan service rating plan. This plan is now being copied, in at least some of its elements, by other governmental units. The use of this plan, besides other notable results, has encouraged many departments, including Sanitation,

Police, and Finance, to conduct in-service training plans of real merit.

It has also resulted in many individual employees using the educational resources of the City for their vocational advancement. As another aspect of the good work in personnel administration during the past five years there should be cited the adoption of a grievance adjustment plan in the Department of Welfare. While, for conditions individual to the Department, it has been necessary to make this plan highly formal on most points, other City agencies can use the essentials of the system for the establishment of their own adjustment programs.

## *Honest Recruiting*

The recruitment process, insofar as it can be conducted without a knowl-

edge of the duties and responsibilities of the positions for which recruitment is underway, is handled with honesty and a great deal of skillful technique. The present Commission, by its encouragement and intelligent assistance, has released the initiative of its technical staff which has been able, under these friendly auspices, to do some notable work.

The competitive elements of the promotion system used in the City warrant the highest of praise and compares favorably with the non-competitive system in vogue in most governmental jurisdictions. This system has won the rather complete support of City employees.

#### *Classification Needed*

No matter what other reforms are adopted in the City, the absence of a classification system will be a continual hindrance in the proper performance of personnel administration. There are no job descriptions available for the City service and no class specifications. The present Civil Service Commission has been very active in using a classification method which has been severely criticized since its adoption by the Federal government. Both the New York City and the Federal systems use as their basic unit, the Service. Examples of these in the City system are the Radio Broadcasting Service, the Probation Service, etc.

Modern classification practice considers the class as the best basic unit because it is the smallest unit in the classification scheme, while the Serv-

ice is the largest. Use of the Service as the basic unit results in a neglect of the actual positions which are being classified and tends to emphasize the generalities involved in a group of classes, sometimes very large in number. The opposition to the primary use of the Service can be summarized as follows: you can administer a classification system without establishing any Services but you cannot do likewise without classes.

It should be pointed out, in fairness to the work that the Commission is doing, that it has had no alternative. It does not have, and seemingly cannot obtain, the funds with which to install and administer a classification system. The Services it has adopted permit it, at least, to prevent large increases in salary without competition. But the great danger is that the existence of the present inadequate plan will hinder the efforts to obtain funds to install a new classification plan based upon the duties and responsibilities of each position in the City service.

#### *Supervisory Training Weak*

Supervisor training is also woefully weak. Progressive businesses recognize that the most important link in management is the supervisor furthest down in the line of authority. A poor supervisor organizes his work poorly, creates antagonistic attitudes in his subordinates, rates them unfairly at the semi-annual rating period, does not train his employees, and adjusts grievances by dismissing them. A commissioner may know

more about his department's operations than anyone else in the world but he needs subordinates to put his plans into effect. This requires trained supervisors. The training may be by the conference, lecture, or any other method but its use is essential.

It is obvious that the Civil Service Commission cannot do very much directly on this problem, but it has the responsibility, if it wishes to emphasize the positive aspects of its functions, to encourage and advise the departments to do this work, and it has the additional responsibility of reporting to the Mayor what is and what is not being done.

#### *Good Training in 4 Departments*

Along with training of supervisors comes the question of employee training. Good work is being done by such departments as Police, Fire, Welfare, and Sanitation. But it undoubtedly is just as true about New York City as about the Federal government that, as Earl Brooks has pointed out in his recent pamphlet on "In-Service Training of Federal Employees," "Most Federal agencies, however, still merely require the new employee to take the oath of office, assign him a desk, and tell him to go to work." (p. 58) Here again, while the Municipal Civil Service Commission cannot be a teaching agency itself, it should be in a position to give advice on instructional methods, curriculum content, and text material, and act as a coordinating

agency to eliminate duplication among departments.

#### *Police and Fire Adjust Grievances*

Many departments, especially those containing uniformed employees, such as the Police and Fire Departments, have formal methods for considering complaints of supervisors against their subordinates. Besides the Department of Welfare, however, it is doubtful if any City agency has a regular system for the adjustment of complaints initiated by employees. What the elements of such an adjustment plan should be is beyond the scope of this article. However, the method should insure the right of the employee to select a representative of his own choosing, and a right to appeal to the department head after a hearing by the immediate supervisor. It is obvious that any method of adjustment which does not contain these elements will be inadequate and considered with distrust by employees.

Here again, the Civil Service Commission cannot be expected to administer the adjustment machinery but it can and should perform the following functions: furnish advice to the departments on the methods for establishing a plan, report to the Mayor on the operation of adjustment procedures, advise the department officials interested on methods of handling grievances, and if department heads and employees think it desirable, hear appeals beyond the level of the department.

### *Welfare Has Good Regulations*

One of the very surprising things in personnel administration in the City, considering that the remedy would cost no money and yet would mean much to employees, is the lack of uniform policies affecting such things as sick leave, vacations, absence without pay, military leave, holidays, compensation for overtime, etc. The Department of Welfare has been a leader on this point too, but the condition in other agencies is very weak. Requests for leave are in general considered on an individual basis, the employee frequently does not know what his rights are, he is frequently afraid to request what should be a matter of right, and the divergences among departments in this respect is as great as the divergences among the duties and responsibilities performed by employees in the same salary grade.

The City Council, department heads, the budget office, and the Civil Service Commission all participate in making decisions affecting these matters. This division of responsibility has led to inadequate regulations with consequent injury both to the employees and the City. It would seem desirable for the City Council to enact uniform laws and the Civil Service Commission should be empowered to adopt rules and regulations to bring these laws into effect, to act as a record keeping agency, and to report to the Mayor on their operation.

The Civil Service Commission has

no means now to know, for example, the amount of overtime worked by position, or by department, for any period of time. The Commission would be performing a very useful function if it undertook the leadership in bringing about some uniformity in this morass of entanglements and uncertainty.

### *Few Personnel Offices*

For many of its present, and for all of its proposed activities, the Civil Service Commission has to depend on departmental coöperation in order to do its work efficiently. Just as President Roosevelt in his Executive Order of June 24, 1938 stressed the necessity for departmental personnel offices, for the same reason New York City needs for each of its departments someone whose sole responsibility it would be to act as staff aid to the department head on personnel matters and to centralize all relationships with the Civil Service Commission. If the department is sufficiently large, a personnel office might well be established to sponsore intradepartmental activities in the fields of in-service training, supervisor training, employee grievances, and transfer and placement.

The leadership of the Department of Welfare in the various personnel activities previously cited is undoubtedly due to the existence in that department of a personnel office. It can be said without qualification that the Civil Service Commission cannot undertake an enlarged program of personnel administration unless it has

assistance in the form of departmental centralized responsibility for personnel activities.

*Not only Protection Against Spoils*

Many of the weak elements described arise out of the fact that the merit system was conceived as a protest against the spoils system. This negative outlook, as has been pointed out frequently in the past ten years, has resulted in emphasis by civil service commissions on recruitment and has caused them to neglect those elements which make personnel administration an integral part of management. This failure of the Municipal Civil Service Commissions of the past to emphasize the positive aspects of their duties has led to a division of responsibility for personnel activities among several agencies in the City and the consequent absence of any activity in regard to some important elements of personnel administration.

While this condition of division of responsibility is not an evil in itself, it does have a bad effect because the Civil Service Commission has not considered that it had even functional responsibility for the proper performance of activities, such as retirement, compensation, adjustment of grievances, which are performed by other City agencies. As a result, the

Commission has not been consulted, and it does not advise, review, or report to anyone on those parts of personnel administration not directly controlled by it.

*It Is Up to LaGuardia*

There are many more things which might be pointed out as essential for progressive personnel administration in New York City. A career service, with opportunities for promotion to the top, and wide opportunities for transfer, has been stressed too often recently to need additional explanation here. The Commission recognizes the need for the establishment of a research staff to add validity, besides the present integrity, to its methods. Also, continuous study of wage scales for all classes of employees is essential.

It would be unfortunate, with conditions so favorable in the form of a capable Commission and a Mayor willing to lend support, if the City's finances prevent the grant of the additional funds for the beginning of the activities mentioned above. The ultimate savings to the City in terms of more efficient employees and better organization if these functions are undertaken are obvious and should decide the matter in favor of granting these funds.



# Book Reviews

## PERSONALITY IN FORMATION AND ACTION

By William Healy, M.D. New York: W. W. Norton & Co., 1938. 200 pp. Price \$2.50

Reviewed by DORIS HAY

While serving as the director of the Judge Baker Guidance Clinic in Boston, Dr. Healy has published many books on delinquency and maladjustment.

In his latest work he gives us an account of the progress made in psychology and psychiatry during his past thirty years of research and practical work. In his study of personality, he finds it to be dynamic and capable of much change, a combination of biological needs and inherited potentialities, constantly being acted upon and in turn acting to modify the environment. He also discusses glandular and other chemical conditioning of energy. Throughout this book the accent is always on the normal individual. An interesting chapter is the account of the analysis of a young man who

wished to find out why he was more successful than his endowments would seem to entitle him to be.

Of special interest to Personnel workers is his listing of the fundamental human wishes and strivings. The recognition by executives of these wishes in their employees, and a reasonable attempt to satisfy them, he believes to be the basis of proper management and employee relations. He is most enlightening on 'crowd' behavior; the needs of labor; personality-analysis rating systems and gives constructive criticism of the paper and pencil tests now in use.

There are many suggestions on how to apply psychology to industry and government. He recommends that more personnel managers have psychiatric training and cautions against the dangers of a little knowledge.

# PERSONNEL Journal

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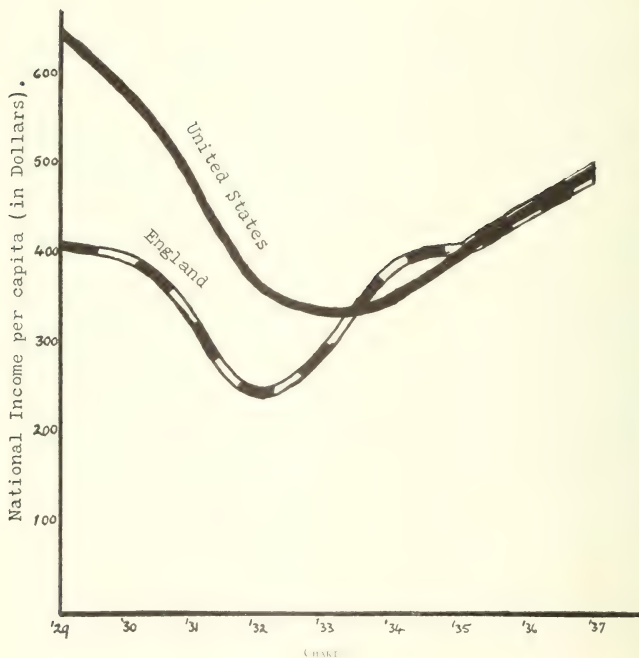
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# English Standard of Living Now Equals American



Through Labor Union Pressure the Real Hourly Earnings of American Workers in Manufacturing Industries has Increased almost Forty Per Cent over 1929. Raising Wages so Fast has Proven a Mistaken Policy.

# Economics of Prosperity

By CHARLES S. SLOCOMBE,  
Personnel Research Federation

AMERICA does not now have the highest standard of living in the world and hasn't had since 1933. In the year that an American delegation went over to study the smooth labor relations of England, there were 40 per cent more strikes in England than in the U. S. Union pressure in the U. S. over stepped the mark in 1938 by boosting hourly earnings 7 points so that weekly earnings went down 12.6 points.

These are only three of the many deductions that can be made from a study of recent figures issued by the National Industrial Conference Board.

For years we have been used to hearing politicians telling us that our people are better off than any others in the world. That used to be true,

but as shown in the chart opposite it has not been true since 1933. England passed us by a small margin in 1934, and since that time she has been running neck and neck with us. The basis of judgment is the national income per head of population. In long forgotten—yet much looked forward to—conditions of 1929, on the average every man, woman and child in the U. S. had \$653 to spend on the conveniences and necessities of life, but English people who were second to us had only \$417 each.

When the tail spin brought us both down, at the bottom point we were running at \$309 each less per year, but the English lost only \$163 each.

When we both started to climb again into the boomlet of 1937, we

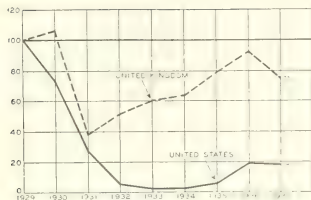


CHART 2. PRIVATE NEW CAPITAL FORMATIONS  
UNITED STATES AND UNITED KINGDOM,  
1929-1937

Index Numbers, 1929 = 100

Excluding Refunding and Investment Corporations  
Issues

gained \$154 each while they rose \$244 in per capita national income.

So that in 1937, the last year for which data are available both countries were running at a national income per capita of \$500.

#### *Business Gets New Capital*

The most dramatic event in this picture is the fact that after 1931 English business men suddenly started securing new capital funds to build new, replace old, and repair plant and equipment. (See Chart 2)

Why did this trend in new capital investment take such a sudden turn in 1931? Why did business men suddenly gain confidence in the outlook?

Three events took place at this time that had a large influence. (1) The Labor Party lost at the elections and a coalition, so called National Party came into power, largely dominated by the Conservative Party. (2) England went off the gold stand-

ard. (3) A strong policy of tariff protection of industry was introduced.

These three events seem to have been sufficient to give business men such confidence in the future that they went ahead on expansion programs before business activity took an actual upswing. For national income per capita, employment, corporate earnings, exports and imports, and wholesale prices continued to decline for a year or so after this.

#### *Armaments Not Caused*

In the U. S. on the other hand such increase in capital investment as has taken place has been slow, and has followed rather than preceded upswings in business activity.

It seems an error to think that business conditions improved in England owing to large increases in armament building. The index chart for these expenditures in England and the U. S. show that both countries ran along much together until half way through 1936. (See Chart

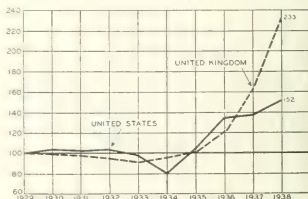


CHART 3. EXPENDITURES FOR NATIONAL DEFENSE,  
UNITED STATES AND UNITED KINGDOM, FISCAL  
YEARS 1929-1938

Index Numbers, 1929 = 100

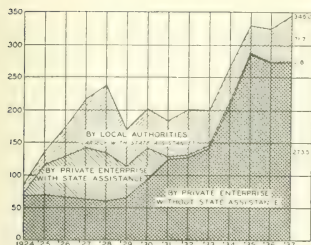


CHART 4. NUMBER OF HOUSES PROVIDED IN ENGLAND AND WALES, YEARS ENDED MARCH 31, 1924-1937

In Thousands

3) It was not until early 1937 that England became seriously afraid of Mr. Hitler and started borrowing money to build up her defense forces.

Prior to that time England had financed her defense program out of normal government income, and so it was not inflationary.

### *Housing Subsidies*

Back in 1924 the English government started assisting private enterprise to build houses. The number of houses built under this system increased rapidly, and in three years was supplemented by a large number built by local city authorities (so-called workers' dwellings) with the aid of the central government. (See Chart 4)

After five years of state aided private enterprise house building houses were being increasingly built by private enterprise without state aid. State subsidies for private enterprise house building stopped in

1931, but the boom in private enterprise house building continued right up to 1936.

State subsidies to local government house building continued until 1933, and then was very much reduced.

About one and a half million houses were built from 1924 to 1931, approximately two thirds carrying government subsidy. This of course must have given the business upturn a good start, but is not alone sufficient to account for it.

Comparable data for the U. S. are not available, but we know that no such phenomenon was taking place here during this period.

### *Dramatic Contrast*

In America we have witnessed a dramatic rise in governmental expenditures and a monotonously low rate of new capital investment over the past six or seven years. In England the reverse has been true. There the dramatic rise has been in new capital investment, and the monoto-

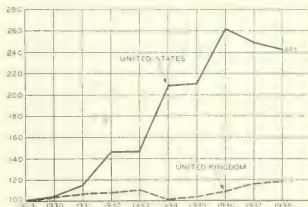


CHART 5. EXPENDITURES OF THE NATIONAL GOVERNMENTS, UNITED STATES AND UNITED KINGDOM, YEARS 1929-1938

Index Numbers, 1929 = 100

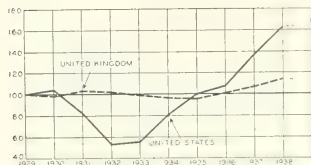


CHART 6 RECEIPTS OF THE NATIONAL GOVERNMENTS  
UNITED STATES AND UNITED KINGDOM, FISCAL  
YEARS 1929-1938  
Index Numbers, 1929 = 100

nous evenness has been in government expenditures and receipts.

In fact the greatest contrast between American and English conditions seems to lie right in this reversal of dramatic incident in the two countries. (See Charts 5 and 6 and compare with Chart 2.)

A most curious feature of English government financing is the accuracy with which they estimate government receipts, and the strictness with which they keep their government expenses within budgeted amounts. In each of the last five years their receipts actually exceeded their expected receipts (by a small amount). And in the same period actual expenditures never amounted to as much as the combined budget and supplementary estimates.

Here on the other hand we are quite used to having the Secretary of the Treasury or the President say to Congress, "I am sorry, but I want to borrow some more money. I overestimated our receipts, and I find that we will have to spend more than we thought we would."

Here we see one of the reasons why English business men go ahead with reasonable confidence, even in the face of the terribly wild fluctuations in economic and political policies of the surrounding countries with which they do much of their export and import business.

From experience over many years they have learned that when the government lays down its fiscal policy for a year, it is going to stick to it absolutely, with no "ifs, ands or buts".

### *Vagaries of Accounting*

Of course the English government financial wizards are not quite as good as this. There is such a thing as the "vagaries of accounting". In more common English parlance, "wangling". At times the automobile association has cause to complain that the road fund (from gas taxes) has been raided to take care of unanticipated expenses in some other department.

On one occasion brewers who were given 90 days in which to pay the excise tax on beer had to pay up in 60 days. By this little trick the government collected 13 month's beer tax in 12 months. But these are excusable minor manoeuvres, which do not in any way discredit the soundness of their government finance methods.

Probably a big stabilizer in their financing, which we do not have, is the fact that their debt per capita is over twice as great as ours. Their total government debt (national and

local) is \$1032 per head, while ours is only \$434. A large amount of their debt was incurred during the War. It has increased only 5 points in the last nine years. (They do not count the debt owed to the U. S.)

While their large debt has a stabilizing effect on government financing, it also indicates that a large debt does not necessarily hinder or stop the prosperity of a country.

This may mean that we shouldn't worry too much about a doubling of the American debt if the process of its accumulation does not interfere with prosperity. Here we seem to be going through the present painful experience of growing a stabilizer for our government finances. Perhaps when we have done so, and business men know that there is a governor controlling the gyrations of government spending machinery, they will again start investing their capital with a reasonable chance of return.

#### *Other Comparisons*

Before leaving the parts played by industry and government, to pass on to the part played by labor, we will briefly mention some other aspects: the cost of living has stayed higher in England than here; wholesale prices have fluctuated about the same in both countries, but the indices have remained a little higher in this country; while U. S. exports somewhat more than 10 per cent of its moveable production, the corresponding proportion for England is nearly 30 per cent; because England has long had social security measures sudden

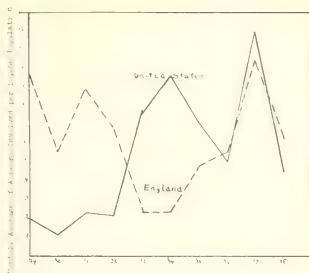


CHART — STRIKES AND LOCKOUTS IN UNITED KINGDOM AND UNITED STATES, 1929-1937  
Monthly Average of Workers Involved in Strikes and Lockouts per 1,000 Population

Sources: United States, U. S. Bureau of Labor Statistics; United Kingdom, Ministry of Labour Gazette

reforms have been unnecessary in recent years; only about 37% of English electric power is supplied by private enterprise.

English economic foreign policy has largely determined cooperation between government and business, rather than intervention; a considerable amount of monopoly control is vested in industry; voluntary price fixing is allowed; price fixing associations must register as trade unions.

English agricultural regulation has involved cash subsidies, protective tariffs, marketing organizations and limited crop control as aids in making the country self supporting in the event of another war. England is an agricultural product importer. We are exporters.



*Strikes Well Timed*

Though there were more strikes in England than in America there they seem to have been timed so that they were less disturbing to economic progress.

The monthly average number of workers out on strike per 10,000 population from 1929 on was 6.5 in England and 5.6 in the U. S. (See Chart 7)

By comparing this Chart with No. 2 it is, possible to detect a rough sense of proportion in the timing of English strikes. Strikes fell off in 1930 and there was a small expansion in capital investment. Strikes went up the next year, and investment fell off sharply. Then in 1932 started the long up turn in investment, and the number of strikes was kept down. Not until 1937 did strikes reach unduly high proportions, and in that year investment fell off again.

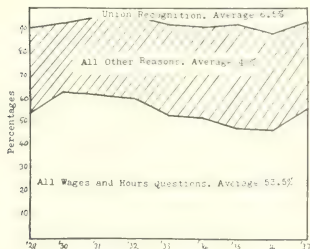


CHART 5. PERCENTAGE OF STRIKES AND LOCKOUTS BY CAUSES, UNITED KINGDOM, 1929-1937

Source: Ministry of Labour Gazette.

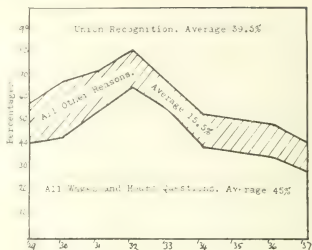


CHART 6. PERCENTAGE OF STRIKES AND LOCKOUTS BY CAUSES, UNITED STATES, 1929-1937

Source: U. S. Department of Labor

So we see that whether by accident or design on the part of English labor unions, only in two years during this period did they upset business investment by increasing their demands at the wrong time. For the major part of the period while business was gaining confidence, the unions kept quiet.

It is possible to relate this union activity to other indices. For example, the decline in strikes from 1931 to 1934 was accompanied by an increase in real wages, (That is wages in relation to cost of living,) which unquestionably released union pressure.

It is also possible to find that English union pressure and demands, as indicated by the number of strikes paralleled corporate earnings.

Thus the unions seem to have timed their pressure for wage raises at times when they had the best chance of corporations being in a

position to grant them. They also seem to have kept their demands within such limits that corporate earnings were not reduced as a result of increased labor costs. In so far as this is true, labor and capital have advanced in prosperity together.

From our knowledge of English labor leaders we do not think it likely that the more sensible policy which they appear to have pursued, was gotten out of books on economics. Perhaps it came through many years of patient explanation by employers in collective bargaining conferences.

#### *American Unions Overdo It*

Viewing the American strike scene it is more difficult to see a relationship, partly because of the effect of government and business policies towards labor, and partly because of the small movement in the capital market. The only up turn in capital investment here took place from 1934 to 1936, during which years strike activity was decreasing. The high strike rate of 1937 quickly stopped this.

Considering real wage rates American unions do not appear to have been very intelligent in getting results for their members. English workers obtained an almost unbroken succession of small increases in real weekly wage rates, so that in the first half of 1938 their rate was 12 per cent over 1929. American workers in this same period skied their

real hourly earnings nearly 40 per cent (39.8%) with the consequence that their weekly earnings were 5.2 per cent less than in 1929.

We realize that many factors might account for these differences in union success in the two countries, but the fact remains that in the picture of English prosperity, the labor unions played their part in gaining benefits for workers, without upsetting business.

We also see that the timing and extent of labor demands should be geared in with the national picture, to this end both American labor and business might well study the relationships more closely. (See the article by Professor Walker in this issue)

Charts 8 and 9 show the percentage reasons for strikes in the two countries. We note the very small number of English fights over recognition, and the comparatively large percentage of strikes for matters other than wages and hours, such matters as "disputes caused by the employment of particular classes or persons, disputes over rules, discipline or other working conditions, sympathy strikes, factional and miscellaneous disputes."

We also note that despite the fact that widespread unionism in England over many years has given "masters and men" much opportunity and practice in settling matters across the conference table, men still strike for their raises.

*The factual data upon which this study is based is contained in National Industrial Conference Board Bulletin, December 19, 1938. Charts 2, 3, 4, 5, and 6 are copied from the Bulletin (renumbered). Charts 1, 7, 8 and 9 are drawn from Tables in the Bulletin. The Conference Board is of course not responsible for inferences and deductions contained in this paper.*

The Manual on Letter Writing by Hall and Grady mentioned on p. 232 of the December Journal is Published by the School of Public Affairs, The American University, Washington, D. C. Copies may be obtained from the School.

When Wages are Increased, Maintained or Reduced at the Right Time it has a Beneficial Effect on Employment, Earnings and Business Activity. The Timing is Most Important.

# Wage Policies *and* Business Cycles

By E. RONALD WALKER,  
University of Sydney, Australia

WE NOW attempt a general view of wage policies in relation to economic fluctuations, drawing together the main points. A number of different reactions to wage movements will be exposed, and attention drawn to the importance of other contemporaneous conditions such as monetary policy and the political situation. It is evident that no laws can be propounded to cover all historical circumstances, but we can see the probable effect of different wage policies at certain stages of a business cycle. From such a general statement many qualifications may be omitted, but they should not be omitted when formulating an actual policy.

Considering first a period of contraction following a period of pros-

perity, there seems to be little scientific foundation for the view that a general wage reduction will contribute to the restoration of prosperity. It may exert some expansive influence through international trade, but apart from this the best one can hope for is that it will act as a brake upon the process of contraction, maintaining employment at a higher level than that to which it would have sunk with constant wages. But if monopolistic situations prevent price flexibility there is a distinct likelihood that a general wage reduction will intensify the forces making for depression.

## *Expansive Influences*

Some expansive influence may be exerted indirectly through interest rates. In the above circumstances a

wage reduction involves a reduced wages bill; this implies a diminished demand for working capital, and a tendency for interest rates to fall. If this tendency is not offset by other factors, it facilitates a recovery of investment, which is an expansive force. To this influence is added the reduced cost of capital equipment. But if the contraction has already proceeded some distance there will be idle capacity, and little incentive to invest in new equipment.

A wage reduction, confined to capital goods trades, would also serve to stimulate investment, without risking the unfavourable repercussions which may follow a general wage reduction. Such a localised reduction is not always practicable.

At this stage of the cycle a general wage increase may be ruled out as definitely depressive.

But a strong case can be made for rigid wages at such a time. First, there is no certainty that employment will be any worse than with lower wages, and it may be even better with rigid wages if prices too are rigid. Second, reduction during depression implies a moral case for restoration during prosperity, and this is not always innocuous or advantageous from the standpoint of economic fluctuations.

#### *Time for Wage Cuts*

The case for wage reduction is no stronger after a period of decline in activity which appears likely to continue still further. But if a phase of stability is reached, after a consider-

able decline, so that stocks of goods have run down, equipment has been allowed to depreciate, and unemployed inventions are to hand, the case for a general wage reduction is strengthened. In these circumstances there is more hope of stimulating an increase in investment by a wage reduction, and the subsequent pressure for lower interest rates. There is still no case for a general wage increase.

In next the phase in which recovery has just started, but, has not continued long enough to breed confidence in the breasts of business men, a general wage reduction may supply just what is needed to stimulate a more rapid increase in investment. A general wage increase would kill the incipient recovery.

#### *Time for Wage Increases*

Proceeding a stage further, when expansion of activity is apparent on all sides, and prospects of further improvement are bright; a general wage reduction is highly improbable. What will be the effect of a general wage increase? If employers are sufficiently confident to pass on the increased cost in higher prices, and to maintain their own expenditure constant, the expansive process will be strengthened. This is only true, however, if monetary conditions permit employers to obtain additional working capital without an undue rise in interest rates.

As full employment approaches the case for wage increases becomes weaker, despite the fact that wages

tend to rise at such a time. Some economists advocate wage increases at this stage as a means of eating into profits, checking the boom in investment, and stimulating the growth of demand for consumers' goods, an increasing flow of which is supposed to result from earlier investment. The risks involved in such a policy are great. The rise in wages may not merely check the boom but actually precipitate the depression. A sudden check to the growth of investment may involve a definite fall.

Again, the monetary repercussions of the wage increase are liable to be depressive. Moreover, in an open economy there may be a movement in exports and imports which not only discourages investment but also creates credit stringency through gold movements or similar factors.

#### *Economic Theories*

All these observations are based on the assumption that conditions are such as to prevent employers from behaving according to the principles assumed in the marginal productivity economic theory. It is not surprising that they should differ from the conclusions reached by those economists who insist on applying only that theory. Our conclusions must be modified, however, whenever a period of stability lasts long enough for employers to learn the shape and position of their marginal revenue curves over a sufficient range. For then, apart from opposed influences from the side of saving, which cannot be ignored, a wage reduction

tends to stimulate employment and a wage increase to have the reverse effect.

If wage-fixing authorities were seized with all these complexities they might despair of devising and operating a wages policy which could be expected to contribute substantially to the control of economic fluctuations, by raising or lowering wage rates at the moments when these movements would be effective in achieving the desired end. Modest men might disclaim the possession of the nice judgment involved, and most countries lag far behind in the provision of information upon which such judgment must be based. In a desire to adopt a simple clear-cut policy, wage-fixing authorities are tempted to work for wage reduction in depression and wage "restoration" in prosperity.

#### *Danger of Increasing Fluctuations*

There is always the danger that such a policy will make fluctuations more violent than they need have been, and on the whole a policy designed to stabilise wages throughout the cycle is to be preferred. This raises important social issues, however, for labor demands a rising trend in wage rates. Our analysis suggests that, if control of fluctuations is also desired, the best time for wage increases is when recovery has been well established, but has not yet brought the economy near to full employment. This assumes that there will be considerable fluctuations, despite whatever steps are

taken in an attempt to control them. If the other factors making for instability are all brought under control, and it is desired to raise wages, it will be necessary to study the question how to offset any depressive influence which the wage increase may have.

At present it is more important that wider recognition should be obtained for the difficulties in the way of contributing to the control of fluctuations through wages policy, except by adopting a policy of stable wages during contraction and raising wages only at the appropriate stage in recovery.

#### *Four Phases of Cycle*

It is customary to distinguish four phases through which economic affairs may pass: upswing, upper turning point, downswing, and lower turning point of a cycle. The most successful theoretical essays are those which explain separately the forces which may operate in each phase, without presuming that the whole cycle can be explained as a symmetrical fluctuation.

The upswing may be interrupted, not by an upper turning point, but by a period of stability at a comparatively low level of activity, which may be a prelude not to a downswing but to a renewal of the upswing. A similar "plateau" may interrupt the downswing. Again the lower turning point is often preceded by a period of low-level stability—what American commentators call the U-

shaped as contrasted with the V-shaped depression—and occasionally a period of high-level stability is interposed between the upswing and the upper turning point.

Among the dominant forces at work in the course of a cycle we may distinguish, "expansive" (conductive to an upswing), "depressive" (conductive to a downswing) and "neutral" forces. It is also necessary to take account of "self-reversing processes".

#### *Australian Experience*

The influence of wage policy upon industrial fluctuations may be fitted into such a framework. A wage policy may turn out to be expansive, depressive, braking, neutral, or even self-reversing. But the same policy may operate differently according to the conditions under which it is applied. For instance, in Australia the Commonwealth Arbitration Court reduced wage rates in 1931 in the hope that such a policy would be expansive, or at worst a brake upon existing depressive influences.

In subsequent years it refused to restore wage rates to their former level on the ground that such a policy would exert a depressive force; but in 1937 it raised wage rates in the belief that this policy would serve as a brake upon the boom, and prevent the growth of expansive but self-reversing forces. It was not apparently considered likely that the wage increase would itself provoke a depression.

## SIX TYPES OF WAGE POLICY

It is important to set out clearly the adjustments which are implied in the term "wage policy". The alternatives are often stated simply as wage rigidity and wage flexibility, but a wider range of possibilities must be recognised.

(a) Wages might be kept perfectly rigid at all phases of the cycle.

(b) Wages might be allowed to rise under the influence of competition in good times, but prevented from falling during bad times. This is in fact the policy favored by many trade union leaders. It seems probable that the acceptance of the view that wage cuts diminish consumers' demand would lead to such a policy rather than to one of complete rigidity of wages.

(c) Wages may be varied generally on a sliding scale, according to movements in the cost of living. This was the general principle (subject to occasional aberrations) of Australian wage policy prior to 1931, so far as the legal minimum wage was concerned. The general object of such a policy may be referred to as "rigid real wage rates", although the rigidity may only be opposed to downward movements.

(d) Wages may be varied according to a definite plan for controlling or offsetting depressions, which may involve flexibility of real wage rates as well as of money wage rates. Mechanical methods have been suggested for linking wage rates (real or money) to some index of capacity to

pay or prosperity. Or, as in Australia since 1931, minimum wage rates may be varied on occasion with a view to controlling tendencies towards expansion or contraction without recourse to any mechanical index.

*Building Trade Wage Cuts*

(e) As distinguished from general wage movements, differential wage movements may be an essential part of wage policy. Indeed the concept of a general wage movement is somewhat arbitrary.

Of most importance for the course of a cycle might be the possibility of applying differential wage variations with a view to adjusting the activity of different branches of industry to each other. For instance, a wage reduction in the building trades might facilitate the growth of investment more than a reduction in the wages of retail shop assistants.

(f) We might also consider the possibility of a laissez-faire wage policy. The consequence would be different degrees of wage flexibility according to the conditions of different trades and places. Apart from differences in bargaining strength based on organisation of employees and employers, the movement of wages would be influenced by the severity of the depression or the activity of business in the respective places of employment.

Since, in the course of a cycle, different industries are affected differently, the result would be differential wage flexibility. The flexibility



might be greatest in the industries most affected by the cycle, notably the industries depending directly upon investment.

It should also be noticed that although wages policy may be left to direct negotiations between employers and employees, the result of these negotiations may be influenced by other aspects of social policy. The outstanding example of this is the British unemployment insurance system, which is generally believed to have rendered wages less flexible (in a downward direction) by relieving the competitive pressure of the unemployed upon the price of labor.

#### *Employers' Response to Wage Movements*

If an employer has records of past costs, prices, and sales, but no confidence in them as a guide to the future relationship of profits to sales and profits, what should he do?

Consider for example a period of contraction, in which sales have been declining for some time, despite price cuts, increased expenditure on advertising, and exceptional industry on the part of salesmen. Suppose that wage rates are reduced. Would a rational employer immediately increase his staff and expand his output? The obvious thing to do would be to reduce selling price, if possible, and watch the effect of this on sales. An expansion of employment is not likely to precede an increase in sales unless the employer is convinced that better times are ahead or assumes

that he can sell the increased output at a satisfactory price.

In a period of contraction these conditions are not likely, and a wage reduction will not lead to an increase in employment immediately. The most it can achieve is to check the fall in employment which might otherwise have taken place. An employer who is on the point of reducing his staff may be persuaded by a wage reduction to carry on a little longer, until he has seen the effect of the reduction on his sales.

#### *Relation to Sales*

In the meantime, the wage bill will undergo a reduction, and, in so far as part of the market consists of wage earners, sales are likely to fall. The problem is whether the effect of a price reduction would increase sales in other sections of the market, and whether on balance sales would move up or down.

Some employers will not pass on the whole of the saving in wage cost in the form of lower prices, and to this extent the position is modified. We shall later consider the implications of price rigidity for this analysis.

A general wage increase is a common feature of most periods of expansion of any considerable duration, and its effects require study on the assumption that the employer does not know, even approximately, what effect a price movement will have on his sales. In a period of expansion the conditions may be taken as the opposite of those associated with

contraction. Sales are increasing, and even if a rise in other costs has necessitated increased prices the market is still absorbing readily an increasing flow of output.

#### *More Working Capital Needed*

One important element in this case is the provision of additional working capital to finance the increased wage bill if employment is to be maintained after a wage increase. Additional credit is more likely to be available at low interest rates if the period of expansion has not brought the economy near full employment. But banking policy may be influenced by other factors which cannot be dealt with here.

There is another reason for taking into account the degree of employment. If the economy is already operating near full capacity of existing equipment, a wage increase is more likely to stimulate employers to replace labor by machinery than if there is still a great deal of idle capacity. For the moment the production of the new equipment may involve increased employment; it is a form of investment and therefore exerts an expansive influence upon business activity. But this influence may later be reversed when the installation of the new equipment is complete, and workers are laid off.

#### *Where Increased Wages Raise Prices*

If we consider a stage in which, although there has already been considerable improvement in the business situation, there is still considerable

idle equipment in all industries, we may ignore the possibility of substitution of machinery for labor. The employer will attempt instead to pass on the rise in costs in the form of higher prices to the consumer. The problem then is to decide whether sales will alter as a result of the higher prices and the higher incomes of wage earners.

If a stage has been reached in which employers are very doubtful as to whether expansion or recovery can last much longer, then even though they cannot estimate the marginal product of labor they may alter their plans to the extent of taking on fewer new employees. This is particularly likely in the case of new enterprises, the establishment of which is a feature of most prolonged periods of expansion.

Being in their early stages of development, these enterprises will not yet have begun to make large profits, and some of them may be killed altogether by an increase in wage cost. To the extent that this happens, we cannot assume that employment will be held constant while the employers are waiting to see the effect of price movements upon their sales.

#### *Wage Cuts in Boom Times*

To complete this picture of employers' responses to wage movements we must consider the unlikely case of a general wage reduction during a period of expansion. No doubt if such a policy were imposed by a wage-fixing authority it would stimulate many employers to expand out-

put and employment rather more rapidly than if wages had not fallen. The rise in the total wage bill which might be expected in a period of expansion with stable wage rates would be checked, but this check might be inappreciable if the stimulating effect of the fall in costs were great. In particular this would be the case in those new enterprises which were just beginning to expand output when wages were reduced.

The importance of physical marginal productivity may, however, be stressed. Even though marginal productivity in terms of money cannot be estimated in advance, because of lack of knowledge of how demand will move, the employer will still be guided by the estimated movement of costs as output expands, and this depends in large measure upon the physical marginal productivity of labor. In all enterprises costs are likely to rise more rapidly as full capacity is approached. Consequently a given reduction in wages is likely to stimulate employment more in the earlier than in the later stages of a period of expansion.

On the other hand, at a later stage a wage reduction would do more to check substitution of machinery for labor, and to this extent would actually discourage investment.

#### *Conservative Policies Usual*

In summary it may be said that the dominant response of employers to wage movements, when they cannot estimate marginal revenue, is to continue the policy which they were fol-

lowing previous to the wage movement, to pass on, as far as possible, any change in costs in the form of lower or higher prices, and to watch the effect of this upon their sales, before altering their investment policy to any considerable extent.

Several qualifications to this generalisation have been noted, for a wage movement may serve as a brake upon an existing movement in either direction, and we have also seen that wage increases would aggravate contraction and wage reductions stimulate an existing expansion, although neither of these two movements is sufficiently likely to merit much attention.

The next step in our analysis is to see what happens to sales, on the above assumptions, when wages are altered, for a subsequent movement in sales is likely to induce a similar movement in employment.

#### *Wage Movements and Sales*

We shall consider first the effect of a general wage reduction, and later the effect of a wage increase, building our analysis on the principles set out in the previous section. Account is to be taken, not only of the effect of the wage reduction upon wage earners' demand, but also of the response from other sections of the market. If a wage reduction is passed on as lower prices, we may expect that those people whose incomes are not reduced by the wage movement will buy more, and this expansion of demand is to be balanced against the decline in wage earners' demand.

The relative strength of these two opposed tendencies will determine whether there is any net movement in total sales.

This somewhat complicated problem is best approached by examining first a simplified case. Assume a closed economy, zero saving so far as received income is concerned, and complete sale of all output. Thus all incomes are spent. Unless profits are already so low as to induce contraction, or so high as to encourage expansion, the position is one of stability. Let us start from such a stable position, assuming still, however, that it has not lasted long enough for employers to learn the shape and position of the marginal revenue curves for their products.

#### *Workers, Employers, and Others*

Three sections of the market may be distinguished, composed respectively of wage earners, employers, and others. The "others" include landlords, rentiers, civil servants, and any other groups paid out of taxation—indeed all who are not directly affected by the general wage reduction in industry. We leave aside the complications involved in such institutions as banks, and in the possibility that wage reductions are applied also in public services. We may assume these "other" persons' incomes to be constant; if they move, it is not due to the wage reduction. We may also make the heroic assumption that there is some unit of "produce in general" and an average "price per unit of output" of this produce—ignoring

the difficulties involved in such concepts.

Then the initial price per unit of output, which we may call  $y$ , may be divided into three components; wages cost per unit ( $yw$ ), profit per unit ( $yp$ ), and other costs per unit ( $yo$ ). Thus,  $w$ ,  $p$ , and  $o$ , are fractions, and their sum is unity. The three sections of the market derive their incomes from these three components of price; consequently the market is divided between the three sections according to the three fractions  $w$ ,  $p$ , and  $o$ . Let  $x$  stand for total sales, or the number of units of output, before wages are reduced. The incomes of the three groups amount to  $xyw$ ,  $xyp$ , and  $xyo$ , respectively; and they buy  $xw$ ,  $xp$ , and  $xo$ , respectively.

#### *Wage Cuts and Sales*

Let wages now be reduced by the fraction  $r$ , and the price per unit of output by the whole of the saving in wages cost per unit—that is, by  $ywr$ . The new price is therefore not  $y$ , but  $y(1 - wr)$ . Employers' incomes and those of the "other" persons are not altered; at the new price they can buy, respectively,

$$\frac{xyw}{1 - wr} \quad \text{and} \quad \frac{xyp}{1 - wr}.$$

But wage earners' incomes have fallen to  $xyw(1 - r)$  and can therefore buy only

$$\frac{xyw(1 - r)}{1 - wr}.$$

The new level of sales is found by summing the sales to the three sections

$$\text{of the market, } \frac{xyw(1 - r)}{1 - wr} + \frac{xyp}{1 - wr} + \frac{xyo}{1 - wr} = xy.$$

Since  $p + u + w = 1$ , the expression reduces to  $x$ ; in other words, total sales are the same as before wages were reduced.

This result is independent of the magnitude of the wage reduction, and also of the proportion of wages cost to selling price. The larger the wage reduction, the greater the decline in sales to wage earners, but, at the lower price, the greater the increase in sales to the other two sections of the market. Again, the larger the element of wages cost in price before the wage reduction, the greater the absolute fall in sales to wage earners, but the greater the fall in price and the greater the expansion of demand in the other two sections of the market. Although the change in the distribution of demand is affected by the magnitude of the wage reduction and by the proportion of wages cost to selling price, the total demand is not.

#### *Wage Cuts and Profits*

It is conceivable, however, that not the whole of the saving in labor costs will be passed in lower prices, and our analysis will then require modification. To take the limiting case, assume that price is not reduced at all, but that the employer hopes to add the saving in labor cost to profit. If, adhering to our assumption of zero saving, the employer maintains his expenditure constant, there will be a fall in total sales, and his expected increase in profits will not materialise.

This can readily be seen from our earlier analysis. Since prices are not reduced, neither employers nor the

"other" section of the market can buy any more than before, and wage earners, faced by constant prices, must restrict their purchases to their new incomes. Total sales will be  $x(1 - p - u - w)$ , that is,

$x(1 - w)$ . In this case the influence of the wage reduction is clearly depressive.

In order for it to be neutral, employers must dis-save—that is, spend out of reserves—a sum equal to the whole of the saving in labor cost, namely  $xywr$ . For any smaller increase in expenditure the wage reduction, with rigid prices, is depressive. If employers pass on a portion of the saving in wages cost in the form of lower prices, then in order that the effect of the wage cut shall be neutral or expansive they need only dis-save an accordingly smaller sum.

#### *When Effect Neutral*

The analysis of the effects of a general wage increase, under these simplifying assumptions, is identical, except that for each minus sign we must now write a plus sign. If a rise in wage cost is all passed on in the form of higher prices, sales will remain constant; the decreased demand of employers and "others" will be just offset by the increased demand of wage earners. With rigid prices—implying a fall in expected profit—a wage increase is neutral if employers reduce their expenditure, in anticipation of the fall in their incomes, by the whole amount of the increase in wage cost. If prices are rigid, and

employers continue to spend as much as before, sales will actually increase.

What happens to profits in each of these cases? General wage movements are neutral unless they cause employers' spending to vary in anticipation of profit movements.

When the change in wage cost is passed on in lower or higher prices, and sales remain constant, total profits remain constant; but the profit element in the price is increased in the case of a wage reduction, and decreased in the case of a wage increase. With rigid prices, if, owing to a variation in employers' expenditure, sales remain constant, both total profits and the profit element in the price vary inversely with wage rates. If, however, with rigid prices, employers' expenditure is constant, then total sales vary; and, although the profit element in price varies inversely with wage rates, total profits remain constant. On our assumptions, then, a general wage movement will only alter total profits if prices are rigid, and employers adjust expenditure in anticipation of a rise or fall in profits. It is variations in total profits which are likely to induce expansion or contraction, if the *minimum sensible* is attained or exceeded.

#### *When Cycle Phases Changing*

The assumptions made in these simplified cases apply only to a fraction of the period of a business cycle, for they take as a starting point what we have called a plateau—although it might be a valley—of stability. If we assume that there is neither saving

nor investment, but that the initial profit level is too high or too low to permit stability, the general trend of our analysis still seems applicable.

A general wage movement will not modify the existing tendency for sales to expand or contract, if the change in cost is passed on in altered prices, or if with rigid prices the employers alter their expenditure appropriately. But with rigid prices and constant employers' expenditure expansion will be reinforced by a wage increase, and contraction reinforced by a wage reduction, provided that employers do not immediately alter employment in response to the wage movement.

#### *Implications for Savings*

Our simplified case also assumed zero saving to start with, although we considered the possibility of saving or dis-saving by the employer in anticipation of changes in profits. We must now consider the implications of saving both before and after the wage movement.

The first point to notice is that if a portion of income is saved we can no longer assume that the three sections of the market purchase goods in the same proportions as the three respective cost components bear to the total price before the wage movement. This condition would still hold, and our symbolic analysis would still be valid, if investment and other supplementary expenditure were equal to saving, and if all groups saved the same proportion of their incomes before the wage movement, and did not alter the absolute level of

their saving after wage movement. Such a case may rarely occur, but its definition draws attention to the essential point of the problem—namely, the possibility that wage movements may evoke variations in saving and investment.

This is regarded by Mr. Keynes and his followers as the central issue in the problem of wage policy, the effect of a wage movement being assessed wholly in terms of its influence upon thrift and upon investment.

A wage reduction may lead to an increase in sales if wage earners' saving falls more than the saving of employers and other persons increases. The former movement is a natural response to a decline in real incomes, and the latter is a no less natural response to a reduction in the cost of living. *A priori* analysis cannot measure the force of these two tendencies. We can only notice that, operating in opposite directions, they offset each other to some extent.

Many factors help to determine whether there is a net movement in any direction. We may notice in passing that if wages were close to the subsistence minimum before the reduction there would be little scope for saving to be affected. If wages were already high, the tenacity of the conventional standard of living would influence the result of the reduction. But such observations do not lead to a positive conclusion regarding the effect upon saving. A wage increase may be expected to

affect saving in the opposite direction to a wage reduction, but again the dynamic aspects of conventional living standards may prove to be very important.

#### *Effects on Investment*

Investment is likely to vary inversely with the purchase cost of equipment, and directly with the estimated yield therefrom. It is not certain that at all stages of the cycle the purchase cost will move in the same direction as wages cost in the capital goods industries, since the employer may not attempt to pass on changes in cost in the form of changed prices. But where the change in cost is passed on, since the capital goods industries must be included in any general movement, we can say that a general movement of wages may affect the level of investment.

The possibility of increasing exports, in a period of depression, by reducing wages and prices is severely limited by the predisposition of other countries to impose trade restrictions. To assume no retaliation of this kind is unduly optimistic.

*Extracts from a special paper prepared for the December issue of the International Labor Review, published by courtesy of the I.L.O. Washington Office. Two other papers on this subject will appear in the following issues of the I.L. Review, and may be obtained from 734 Jackson Place, Washington, D. C.*

Now that Our Major Collective Bargaining Troubles are Over We Can Turn our Attention to Understanding our Employees—to the Factors Really Affecting Their Efficiency, Contentment, and Health—the Working Conditions We Provide for Them.

# Forty-four Factors *affecting* Efficiency

## DIGEST OF 18TH ANNUAL REPORT

Industrial Health Research Board,  
London, England

WHEN English workers got tired through continuously working too hard at making shells during the war, and their patriotic motivation could not overcome their fatigue, a Health of Munition Workers Committee was formed to see what could be done about it.

The studies were found so useful in increasing output that when the war was over the Industrial Fatigue Research Board was set up to continue the work to aid British industry. After ten years the Board found that it was working on factors which induce or increase fatigue rather than on fatigue itself, so it changed its name to the Industrial Health Research Board.

The latest annual report summarizes the findings of studies over twenty years. Here is a digest of these results, wherever possible with the number of the report in which they are contained.

### *Saddle-back Work Curve*

- (1) Output is nearly always low on Monday and at the end of the working week.
- (2) Fatigue effects accumulate during the week and tend to produce a gradual fall in output—except for learners whose skill increases with practice.
- (3) The introduction of some special incentive or novelty may offset the natural tendency for output to fall off. (5 and 24)
- (4) Increase in output may occur during weeks preceding annual vacations. (23)



(5) Typical work curve for a day is "saddle-backed,"—sluggish start before warming up, sharp rise as worker gets into his stride, falling off in the middle of the spell, fresh spurt as the spell nears the end, and a final falling off during the last hour.

(6) The central drop is more common in light repetitive work, and is supposed to be due to boredom rather than fatigue.

(7) The final real fatigue fall off is more common in heavy work, may average 14%, and is still more marked at the end of a double change-over shift. (5)

### *Organized Rests*

(8) When a single rest pause is given to offset fatigue the best time is early in the first drop in the saddle-back. (42)

(9) Preliminary results of current research show that in conveyor and machine operations a pause of five minutes every hour is better than a 10 or 15 minutes pause in the middle of the spell.

(10) The effect of rest pauses in increasing output does not show up right away, perhaps not for several months. Slowest workers benefit most.

(11) If organized rest pauses are not given workers take voluntary pauses anyway, but the former type of pause leads to better production.

### *Light Effects*

(12) Dark colored work requires more illumination than light colored work. 30 foot-candles for weaving dark cloth made it possible for weavers to do their work in 25% less time.

(13) 20 foot-candles are necessary in letterpress composing. With much less light than this efficiency falls off 25% and errors double.

(14) The Board has a formula by which the amount of light necessary with different sized objects can be calculated.

(15) For very fine work glasses aid even those with good eyesight.

### *Hot and Cold*

(16) Workers on light sedentary occupations in England prefer a temperature of 63 to 65 degrees, with an air velocity of 30 feet per minute in winter and 50 feet per minute in summer. They like a 50 per cent humidity.

(17) The floor level temperature in some factories is 8 degrees lower than head level temperature, causing discomfort from cold feet. (35 and 76)

(18) In hot heavy industries such as steel, without artificial ventilation or fans summer output was found to be 12 per cent under winter output. (1 and 51)

(19) Using involuntary rest pauses as measures of fatigue it was found that miners usually rest about 5 minutes per hour under good conditions. In

hot damp air and little air movement they took off 22 minutes per hour, and their rate of production fell off 41 per cent. (39)

(20) In weaving high temperatures and humidity cause less breakages of threads, but more fatigue to workers. Raising the air movement velocity to 147 feet per minute increased comfort and efficiency of workers without affecting breakages.

(21) Coldness of fingers reduces manual dexterity, by as much as 12 per cent, and much more when the temperature is below 50 degrees. (35 and 58)

(22) In the iron and steel industry men lose on the average 6.5 days per year through sickness. But men working on hot jobs lost 22 per cent more, and men on ordinary jobs 9 per cent less.

(23) Main sickness was respiratory and rheumatism, caused by the men not changing out of their damp clothes in time to avoid chills. (5)

(24) A rise of 10 to 13 degrees in the temperature of a mine caused a 63 to 74 per cent increase in miners' sickness. The use of pit-head baths and changing rooms reduced sickness. (60 and 62)

#### *Older Men Affected by Heat*

(25) Shell makers had fewest accidents when working in a temperature of 67 degrees. As temperature lowered to 52 degrees accidents went up 35 per cent. As temperature rose to 77 degrees accidents rose 23 per cent. (19)

(26) Minor accidents (defined as causing less than 10 days disablement) were four times as numerous in hot mines than in cool mines. Serious accidents were not affected.

(27) Older men (50 or more) are more affected by heat than younger men (30 to 39), their accident frequency under 70 degrees being only 3 per cent more, whilst at temperatures over 80 degrees their accident frequency was 37 per cent greater. (51 and 62)

(28) Noise reduction through use of ear pads increased production 8 per cent in a weaving shed. (65 and 70)

(29) There was a significant increase in the amount of work done by proof readers in a noiseless room.

(30) People who are not of a so-called nervous temperament are not seriously affected by noise. (61)

(31) Rural workers in England have better physique than city workers. In cities the "black-coated" group in America called white collar workers were taller than manual workers, but not so strong. (71)

#### *Lifting and Carrying*

(32) The comfortable height of a work bench for an average woman standing in 37 inches—for a man about 38. (44)

(33) When lifting or carrying has to be done continuously a woman's load

should not be more than 40 per cent of her weight. For occasional loads it should not be more than 50 per cent.

(34) For adolescents aged 14 to 16, not more than 30 pounds, and not more than 40 pounds for boys 16-18.

(35) It seems that men have been carrying loads so long that they know enough not to overdo it.

(36) The tension on the arms of a wheel barrow wheeler should not exceed 15 pounds. The legs of barrows should be 18 inches long. (50)

(37) Pulling levers is one of the commonest movements in industrial work. The most effective pulling or pushing effort is obtained when the force is applied to a lever set at right angles to the line of the pull of gravity on the operator's body, and if the angular movement of the lever is not very small the best position for setting is with the lever sloping toward the operator with its handle just below shoulder level. (36)

#### *Overcoming Monotony*

(38) Some degree of apathy and lassitude is an inescapable condition resulting from the monotony of modern factory life.

(39) Changes, even slight, in the type or duration of activity and rest pauses, particularly with refreshments, have a favorable effect on output and contentment and are being extensively used as antidotes to monotony. (52 and 56)

(40) The past year has seen a rapid extension in the number of factories in which music is played during working hours. It increases output and pleasure of work. (77)

(41) Individuals who suffer most from monotony are more intelligent. Other personal characteristics involved are ability to detach thought from work, temperamental and creative tendencies and attitude toward responsibility. Tests have been developed. (77)

(42) Because machine feeding and conveyor work demand a degree of uniformity and continuity in movements of operators, strain and fatigue results from the conflict between human will and capacity and mechanical requirements.

(43) Improvement in output, and lessened strain on operators has been obtained by allowing for adjustment of speed of machines to individual variations in working capacity throughout the day and week. This is simple on machines with separate electrical drives, and cone-pulleys are used on line shaft drives. (82)

(44) Parents are more ambitious for their boys than are the boys themselves. Boys quit their jobs more because of the type of work they are required to do, and the physical conditions under which they are required to

work than because they do not like hours or wages or relations with foremen and fellow workers.

*Newest Studies*

During the current year the Board has worked further on lighting and vision, noise and deafness, dust, toxic solvents, etc., heating and ventilation, physical standards, psychological conditions, accident proneness, vocational aptitudes, and occupational sickness.

*Reports of the Board and lists of publications with prices may be obtained from the British Library of Information, 274 Madison Avenue, New York, N. Y. Following is an index to their reports:*

INDEX TO THE REPORTS OF THE BOARD

Accidents: Causation, Incidence, etc. Nos. 4, 19, 34, 38, 55, 62 and 68.

References in No. 39.

Atmospheric Conditions. Nos. 11, 18, 21, 35, 37, 39, 46, 48, 58, 59, 60 and 76. References in Nos. 1, 5, 22, 24 and 51.

Dexterity. Nos. 63, 64, 66, 67 and 73.

Hours of Work, Rest Pauses, Incentives, etc. Nos. 1, 2, 5, 6, 24, 25, 32, 41, 42, 47, 56, 72 and 77.

Menstrual Cycle. No. 45.

Muscular Work. Nos. 29, 41, 44, 50 and 71.

Noise, Effects of. Nos. 65 and 70.

Posture and Physique. Nos. 29, 36, 44, 50 and 71. References in Nos. 15 and 16.

Psychological Tests, Evaluation of. Nos. 31, 53, 64, 68, 74, 83. References in Nos. 12, 16, 33, 38, 55 and 78.

Repetitive Work. Nos. 14, 25, 26, 30, 32, 52 and 69.

Sickness and Absenteeism. Nos. 51, 54, 62, 75 and 79.

Time and Movement Studies, Methods of Work. Nos. 3, 7, 8, 9, 14, 15, 17, 22, 23, 26, 30, 52, 56, 77, and 82.

Toxicity of Industrial Solvents. No. 80.

Tuberculosis. No. 54.

Vision and Lighting. Nos. 40, 49, 57 and 81. References in Nos. 9, 20 and 23.

Vocational Guidance and Selection. Nos. 12, 16, 31, 33, 43, 53, 55, 61, 64, 74 and 78.

Industries

Boot and Shoe. Nos. 10, 11, 25, 26 and 35.

Glass. No. 24.

Laundry. Nos. 22 and 36.

Leather. No. 36.

Metal and Engineering. Nos. 1, 2, 3, 5, 6, 13 and 15.

Mining. Nos. 39, 51, 60 and 62.

Pottery. No. 18.

Printing. Nos. 16, 26 and 54.

Telegraphy. No. 43.

Textile. Nos. 7, 8, 9, 17, 20, 21, 23, 37, 40, 48, 49 and 59.

Transport. No. 79.

Weaving. Nos. 70 and 81.

The Problem of Selecting the Best  
Junior Personnel Assistant in a  
Government Department Involves  
Quite a Knowledge of Mathematics.

# Weighting Test Batteries

By N. MARK DIAMOND,

Civil Service Commission,  
San Francisco, Cal.

WHEN tests are combined to form a composite, they will weigh themselves in direct proportion to the variabilities (standard deviation) of their distributions. In weighting tests the examiner should take this factor into consideration before assigning percentage values to his tests.

When a large number of candidates are tested, the factor of unequal variability between tests in a battery may be eliminated by statistical treatment of the scores. If the standard deviations of the various tests are equalized before assigning percentage weights to the tests, no distortion of weighting will appear.

When a small number of candidates is included in the distribution and statistical treatment is not possible,

a rough control over the variabilities of the tests may be retained by varying the number and difficulty of the test items. Increasing the number and difficulty of the items in a test tends to increase the variability of that test; decreasing the number and difficulty of the items tends to have the opposite effect.

## *Influence of Variability Shown*

When two or more tests are combined to form a composite score, if the tests are not originally weighted by the examiner, the tests will weight themselves according to the variabilities of their distributions. Even if the examiner does weight these tests beforehand, the actual influence of each test in the battery will often

differ considerably from its assigned value.

To illustrate the influence of variability on a composite score, suppose that two tests have been given to individuals A, B, and C:

Subject	Test 1	Test 2	Composite
A	30	150	18
B	40	170	20
C	50	190	24
Range	20	40	6

Test 2 has more weight than Test 1 upon the composite score because the variability (range of scores) in Test 2 is greater than the variability (range of scores) in Test 1. To the variability of the composite scores Test 1 contributes 20 and Test 2 contributes 40. Scores in Test 2, therefore, have twice the weight of scores in Test 1 in producing *differences* among the composite scores.

If each score in Test 1 is multiplied by 2, or each score in Test 2 divided by 2, the variabilities of the two tests will be the same; the scores of the two tests will then have equal weight in determining the composite. In the table below, scores on Test 1 have been multiplied by 2:

Subjects	Test 1	Test 2	Composite
A	60	150	20
B	80	170	22
C	100	190	24
Range	40	40	4

The ranges of the two tests are now equal, and each test has equal weight

in contributing to the composite score.

### *Weights Already There*

In weighting scores in accordance with the variabilities of their distributions, the standard deviation, and not the range, is ordinarily used as the measure of variability. To illustrate weighting in terms of the standard deviation, consider the examination held for Junior Personnel Assistant, consisting of five tests: Knowledge of Duties, Mathematics, Word Knowledge, Grammar, and Oral Examination.

The standard deviations of the five tests were 8, 2.3, 6.1, 2.7, and 8.3, respectively. The tests were weighted 6, 8, 1.5, 3, and 1, respectively, by the examiners with the intention of giving the tests relative weights of 60%, 80%, 60%, 60%, and 20%. Actually, the relative influences of the tests were as follows: Knowledge of Duties, 51.6%; Mathematics, 20.0%; Word Knowledge, 10.0%; Grammar, 8.6%; and Oral Examination, 9.7%.

This distortion in weighting was due to the fact that each test was *already* weighted in direct proportion to its variability (standard deviation) before the examiners' weights were applied. On page 269 is a table of the five tests, showing the apparent weight and actual weight of each test.

The correct weights in Column 5 were obtained by dividing the desired percentage weight of each test by the standard deviation of its

Apparent Weights and Actual Weights Given to Tests in Examination for Junior Personnel Assistant

	actual weight	desired weight	desired weight multiplied by standard deviation	desired weight multiplied by standard deviation divided by actual weight
Knowledge of Duties	8	6	60%	75%
Mathematics	2	3	80%	160%
Word Knowledge	6.1	4	64%	105%
Grammar	2	3	60%	120%
Oral Examination	8.3	1	20%	24%

shows the same tests after their distributions have been corrected for unequal variability.

To weight a battery of tests correctly we should (a) calculate the standard deviation of the distribution of each test; (b) Divide the desired percentage weight of each test by its standard deviation to secure the multiplying weight of each test; (c) multiply the weight of the test by each candidate's score to secure the weighted scores for that test.

distribution. This eliminates the necessity of first equalizing the variabilities of the various tests and then

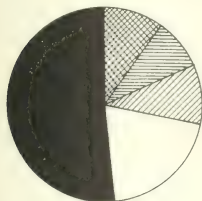


Fig. 1

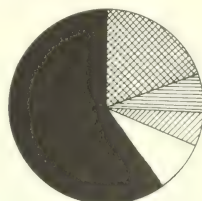


Fig. 2

Knowledge of Duties

Mathematics

Word Knowledge

Grammar

Oral

applying the weights necessary to give them the desired influence in the battery.

### Steps in Weighting

The two pie charts below indicate the distortion in weights of the various tests used in the examination for Junior Personnel Assistant. Figure 1 shows the weights of the tests when the distributions were not corrected for unequal variability. Figure 2

### Rank Shifts

In Table 1 below are tabulated the scores of the candidates in the examination for Junior Personnel Assistant. In Table 2 the same scores are tabulated after a correct system of weighting has been applied. Note the shift in rank of many of the candidates when this system of weighting is used.

It is to be noted that the scores in the two tables cannot be compared



TABLE 1  
*Notes in Tests in Examination for Junior Personnel Accountant*

Rank	Score for Dates	Math	Word-Knows	Grammar	Oral	Total
1	432	64	43.5	42	168.7	757.2
2	390	2	40.5	36	178.7	717.2
3	372	24	60.0	48	173.2	677.2
4	342	24	49.5	48	184.7	648.2
5	318	40	57	34	160.7	619.7
6	314	4	60.0	31	152.5	611.5
7	342	8	48.0	42	161.1	601.1
8	314	24	46.5	45	152.5	592.0
9	330	8	39.5	21	174.1	488.6
10	330	8	55.5	42	150.3	585.8
11	282	24	32.5	36	170.9	565.4
12	270	40	36.0	48	174.5	562.5
13	294	8	49.5	48	162.4	556.4
14	276	16	42.0	42	178.4	554.4
15	282	32	5.5	27	168.0	546.5
16	234	24	49.5	51	180.7	539.2
17	238	26	43.5	39	180.1	536.6
18	234	32	60.0	39	171.1	536.1
19	300		28.5	27	183.5	535.8
20	294	0	33	39	168.5	534.5
21	288	8	48.0	36	154.6	533.6

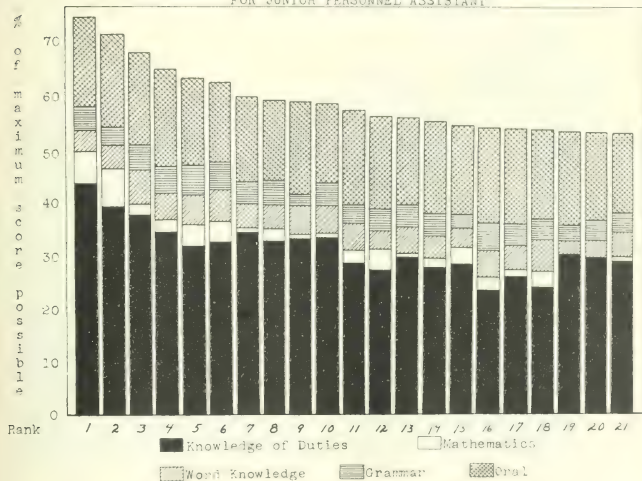
TABLE 2  
*Table of New American Test after Current System of Weighing Is Applied*

Rank	Score for Dates	Math	Word-Knows	Grammar	Oral	Total	New Rank
1	540	21.2	29	31.0	405	1033.2	1
2	488	23.8	26	26.6	429	1004.4	2
3	464	10.5	40	35.2	416	967.2	3
4	428	10.5	33	35.2	443	952.4	4
5	398	17.5	38	40.0	400	896.6	5
6	404	17.5	40	37.4	366	868.4	8
7	428	3.5	32	30.8	387	883.8	7
8	404	10.5	31	33.0	366	848.0	10
9	412	3.5	37	18.4	418	887.2	6
10	412	3.5	37	30.8	361	846.6	11
11	332	10.5	35	26.4	411	835.4	13
12	338	17.5	24	30.8	419	830.0	14
13	368	3.5	33	30.8	391	828.8	15
14	345	7.0	28	30.8	428	843.4	12
15	332	14.0	23	20.0	403	814.6	18
16	292	10.5	33	31.8	434	807.2	19
17	322	7.0	29	28.8	434	820.2	16
18	292	14.0	40	28.8	411	788.8	21
19	375	0	27	2	440	856.8	9
20	368		22	28.8	404	815.8	17
21	360	3.5	32	26.6	369	794.4	20

directly, since the original group of scores have been worked out on the basis of 1000 points maximum, while the new scores are calculated on the basis of 1250 points maximum score. For the purpose of comparing these scores directly, two charts have been

test plays is represented under the "new" system of weighting. In this chart the shift in rank of many of the candidates is strikingly emphasized. The bars in the charts are not to be interpreted as relative weights of the tests. They merely represent

CHART NO. 1  
RELATIVE WEIGHTS OF TESTS IN DETERMINING SCORES IN EXAMINATION  
FOR JUNIOR PERSONNEL ASSISTANT



constructed in terms of *percent* of maximum score possible.

In Chart 1 the relative part each test plays in determining individual scores in the examination have been represented pictorially under the original system of weighting.

In Chart 2 the relative part each

the part each test plays in determining the individual scores and will, of course, vary for each candidate.

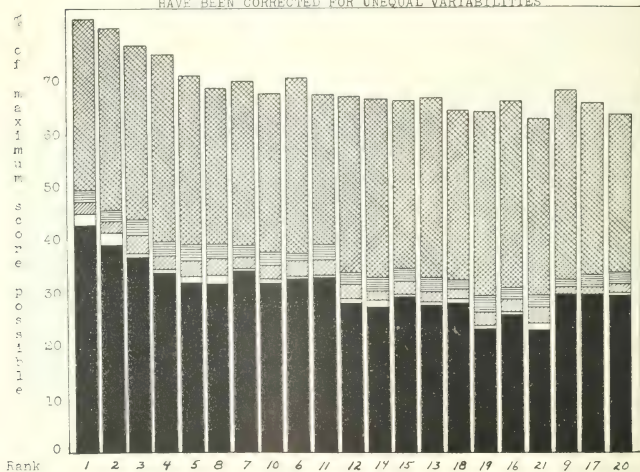
#### *Why Top Men Stay There*

Curiously, the five ranking candidates in the examination have retained their same relative positions

after the weighting of the examination was drastically changed. This is due to the fact that in two of the most important tests—Knowledge of Duties and Oral Examination—there was nearly a perfect negative relation among the five candidates.

not be inferred that 21 scores are a sufficient number to warrant statistical treatment. Ordinarily, corrections for unequal variabilities should never be applied unless the data conform to the normal probability curve.

CHART NO. 2  
RELATIVE WEIGHTS OF TESTS IN DETERMINING SCORES WHEN DISTRIBUTIONS  
HAVE BEEN CORRECTED FOR UNEQUAL VARIABILITIES



Since both these tests were weighted too little, there was no change in position of these candidates when the weights of the two tests were increased.

While this study demonstrates the value of applying a sound system of weighting to examinations, it must

This condition will usually not be satisfied when less than 75 cases are included in the distribution. When examinations are administered to a smaller number of candidates, an accurate correction for unequal variabilities cannot be made by statistical treatment. Nominal control over

the variabilities of tests may be retained by varying the number and difficulty of the items. Increasing the number and difficulty of the items in a test tends to increase the standard deviation (variability) of that test; decreasing the number and difficulty of the items will have the opposite effect.

*Oral Exams Provide Dead Weight*

Oral examinations are special types of tests and cannot be controlled in the same manner as other tests. The author has analyzed the scores on several oral examinations held by the Commission in the past, and all, including the one administered to the applicants for Junior Personnel Assistant, have relatively low variabilities. The reasons for this low variability are, first, that the Boards of Oral Examiners consistently refuse to give low ratings to candi-

dates, and secondly, that in nearly all oral examinations held by the Commission, the factor of age is given relatively large weight. Since most of the candidates fall within the "ideal" age limits, they are given maximum ratings on this portion of the examination. The net effect of this failure to differentiate ratings of age is to add "dead weight" to the examination and thus decrease variability.

Although the system of weighting as proposed by the author requires more time to apply than the system now used by the examining staff, it is believed that the extra time will be more than compensated for by the knowledge that the new system of weighting will be completely under the control of the staff. Under this method, no test or tests may contribute to an examination any weight except that assigned to it.

What Industrial Psychologists have Found out About Learning Methods, Transfer of Skill, Size of Working Loads, Posture, Balanced Tools and Rhythm in Work.

# Industrial Psychology

By K. C. GARRISON  
University of North Carolina

SHOULD a learner be taught a new job as a whole or should various parts be learned and then fitted together. Much experimental work has been carried on in an attempt to arrive at an accurate answer to this question.

## *Learning Methods*

An example of the unmodified whole-method of training is to be found in the procedure usually adopted in training motormen. In this case, on the very first day of training, or at the latest on the second day, the apprentice is actually placed on a moving car and required to control its movement, to open and close doors and to co-ordinate these responses with the observation of the street under the very conditions

which will apply after he has completed his training course.

The theory underlying this program is that the best results in training can be achieved if the entire operation is repeated again and again until the necessary level of proficiency in carrying through the co-ordinated task is attained.

Sometimes a compromise between the whole and part-method of training is employed.

Viteles has employed a modified whole-part method in an apprentice machinist training program, the chief feature of which is progress from work on simple projects, requiring only *cutting* and *filing* to more and more complex projects in connection with which additional operations, such as *planing*, *milling*, *screw cutting*,

are successively introduced as an aid in development of necessary skills in this type of work.

Beeby was also concerned to compare wholes and parts by the method of *simultaneous combination*, where the right hand and left hand, having been separately trained in tracing squares on the right and left sides of an apparatus respectively, were then required to perform these movements together. The subjects were blindfolded during the course of the experiments which were supplemented by a control experiment with vision.

#### *Loss During Combination*

From this study Beeby concludes that movements are essentially different according to whether they are performed in combination or in isolation. A combination of relatively simple movements into a movement-whole resulted in a loss of efficiency. Likewise, the deviation of the movement-whole into its simultaneous constituents results in a loss of efficiency. The author concludes that of the two methods, the "whole" method of learning a muscular habit is preferable to the "part" method.

In an artificial isolation of tasks, such as is often done by the part procedure in learning, the pattern of integration of response is distorted. A modification of the whole method into a whole-part-whole one will likely yield best results for tasks of a very complex nature. In the initial stage it is best to give the learner an idea of the process as a whole, even though this is a rather superficial idea. After this introduction, there

may be a rather logical subdivision of the task so that the learner can concentrate and practice some of the more difficult parts or movements. After some practice on some of the difficult parts, the whole procedure should be resorted to so as to unify the task.

#### *Rests in Learning*

The problem of the distribution of effort concerns the influence upon learning and retention of the introduction of rest periods between successive periods of practice. The length of periods of rest may be varied, while the length of the work period is kept constant, or the conditions may be reversed. Many investigators have studied this problem, using a great variety of learning problems—maze habits, problem boxes, verbal material, archery, and the various school subjects. These studies seem to show that distributed practice is up to a certain optimum point beneficial for both learning and retention. However, in industrial tasks such a distribution is not always feasible. There is a point beyond which further practice at one time interval is more harmful than beneficial.

#### *Transfer of Skill*

The use of training material reproducing in miniature the job to be done by the worker reflects a belief in the transfer of the effects of training from one job to another. Such material is illustrated in the training program developed by Schuschakow and Perewersew who used a miniature model of a locomotive and a train

of cars in instructing railroad engineers in the proper application of brakes for the purpose of avoiding accidents and in the control of speed to overcome excessive jolting. In training bill sorters, attempts have been made to use practice in sorting cards with different designs.

The possibility of transfer from a job resembling industrial work to industrial skill has been investigated by Langdon and Yates. Bicycle chains were assembled on an apparatus designed for such work. The subject is seated in front of a table on which is fixed a circular turn-table carrying spindles on which links are placed. As each spindle comes before the subject, he removes it from the turn-table, dropping the link into a box at his right hand. At the same time a link is taken from a box at his left hand, placed on the spindle, which is re-inserted in the turn-table and the latter turned so as to bring the next spindle into position for the repetition of the operation. A Veeder counter is employed to record automatically the number of links handled at each period of work.

Thirty-two persons were trained for 80 minutes both morning and afternoon for a period of two weeks. 10 minutes rest was alternated with each 10 minutes of work. Before training commenced the people were tested on their performance of work later employed in measuring the incidence of transfer. The same work tests were given, in the same order and at the same intervals, to 28 people who had received no training, constituting a control group. The

results showed that practice on bicycle chain assembly was totally ineffective in improving skill on another job. This experiment supports the view that *training in manual dexterity is specific rather than transferable*.

#### *Using Both Hands*

Probably the first lesson in work simplification should be to teach the worker to use both hands simultaneously. Scientific experiments in the learning of typing, to play the piano, or perform most industrial tasks have proved that learning with both hands simultaneously is superior to that with the one hand procedure. Too often the non-preferred hand (usually the left one) is used merely as a holding device. The first thing a motion-minded workman does is to arrange matters so that both hands will be used. For instance, in assembling license plate brackets, the workman used to hold the bracket with his non-preferred hand while he picked up the various parts and inserted them one at a time with the other one. When both hands are used in a working manner, the bracket is dropped in a vice-like fixture; the parts having been placed in an accessible place and position on each side, and are inserted by means of both hands operating simultaneously. Modern industrial machines are more and more being constructed in such a way that both hands are used freely in operating them.

#### *The Working Load*

An estimation of the best weights of loads to be transported by wheel-

barrow, tray, basket, suitcase, or on the shoulders is essentially a matter of determining the greatest weight which can be handled with momentum movements. This will vary with individuals, since there is an upper limit to the load which one can move with the speed required to make balanced movements. When a man is required to move loads beyond the optimum, there will be an additional effort introduced to "steady" the movements and to maintain direction. This substitution of slower movements and increased effort at the control of movements makes for greater tension and increased muscular fatigue.

Experiments by Bedale and Cathcart were designed to determine the most economical methods of carrying loads. It was revealed that a suspension of the load from the shoulder by a yoke is less fatiguing than carrying it on one shoulder, in the hands, in pails or trays, or on the head. The yoke permits a more normal posture than do the other methods. Furthermore, walking may be done more freely and there is less general tension of the arms, back and chest.

#### *Posture*

Work performed under conditions where the worker can choose his own posture throw light on this problem, although it must not be inferred here that through experience workers tend to choose the best posture for doing a task. When the express man lifts an object to his shoulder, he performs the trick by keeping the load as close as possible to the body. When a load

is lifted in a vertical direction, there is a ballistic upthrust of arms and legs, while the body tends to maintain its normal upright posture. Lifting at any other angle involves a severe strain on the muscles of the back and stomach. Workmen moving furniture find that the work is best performed by bending the legs rather than back, and if possible, placing the chest against the load. Closely related is a comparison of that performed in a "static" posture and a "changing" one. There is evidence that postures which require the subject to stand still are considerably more fatiguing than those which permit a frequent shifting of position.

#### *Balanced Tools*

The first qualification of a tool is balance. A poorly balanced pair of scissors, racket, bat, hammer, or ax tends to twist the muscles, and this sets up compensating tensions. It has been found that the loss of energy in performing tasks, such as using the scissors or a screw driver will vary considerably with different forms of tool-handles. The handle that has been found to be least fatiguing is one of a uniform diameter, except for a cone-shaped indentation for the index finger. In the case of screw driver Rubarth found that the greater the diameter of the handle (within limits), the greater the efficiency.

#### *Speed and Accuracy*

A problem of great importance in training is whether attention should be centered upon accuracy or speed.



There is a general tendency to emphasize accuracy first, with the general notion that speed can be attained at a later time. Evidence that favors an emphasis on quality rather than quantity during the early part of the training program appears in experiments by Myers. Two groups of 8 girls each set to the task of making a pattern of 36 colored cubes. One group was instructed to work for speed, the other for accuracy. The speed group was able to form the pattern in a shorter time during the first few days of the experiment, but at the same time developed a number of errors which became more and more fixed, thus finally producing a serious obstacle to progress. The group working for accuracy surpassed the speed group after approximately 20 days of work and by the end of 60 days was significantly ahead of the speed group, both from the standpoint of speed and accuracy. These results indicate that when accuracy is emphasized during the early period of training the quality of the work will be superior and at the end of the training period speed will be greater than is the case where speed is emphasized throughout the period of training.

The results of an experiment conducted in typewriting lend further proof of the importance of stressing accuracy during the learning stage. In this study two groups of girls practiced 3 minutes per day for 36 consecutive days. At the end of this period the accuracy group showed very little superiority over the speed

group; but a comparison of the two groups 4 months later showed a definite superiority of the accuracy group both with respect to speed and accuracy.

Analytical studies of the rhythm and changes in movement as a result of practice support the viewpoint that increased speed is associated with eliminating irrelevant movements along with the development of greater precision. The more complex the task or movement, the greater the need for a continuous process of adjustment or correction of movements. In certain simple tasks this continuous adjustment is not so much in evidence. In a study by Windmüller the relative effects of the emphasis on speed and accuracy was studied for different types of work. A group of 45 fourteen-year-old boys and girls were given such tasks as type-setting, arranging cards, cancellation, copying figures, cutting out figures, and the like. These tasks were performed three different times, with the following general instructions (1) One time they were to work for accuracy, (2) Another time they were to work for speed, while (3) The other procedure emphasized that they should work as fast as possible and at the same time be as accurate as possible. The results showed that for the very simple tasks an emphasis upon accuracy tended to reduce speed and did not increase accuracy. In the more complex tasks the best results were obtained from stressing accuracy.

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Business Like Other Social Functions  
Must be Ready to Accept the Criterion  
of Social Welfare, that is, the Welfare  
of Persons, in Judging its Organization,  
its Processes, its Total Behavior.

# Financial Reports *for* Workers

By EMPLOYEE RELATIONS BUREAU,  
National Retail Dry Goods Association,  
New York.

THE most logical reason for undertaking a financial report, and the one which most often has prompted such action, is a genuine interest on the part of employees to know where the business, on which their livelihood depends, stands. This is particularly true in the larger organizations. In a small business, the employee is likely to be in direct contact both with the head of the firm and with its customers, so that he is told or is able to gauge for himself how the business is run and to what extent it is prospering.

In the large concern, on the other hand, the employee is very remote from the centers of control and while he may guess at the standing of his own department, he is completely

ignorant of the financial status and operation of the organization as a whole. For many employees this ignorance results in a sense of insecurity and may hamper performance. For others it may lead to a series of misconceptions which create a barrier of resentment between employees and employers and may be a source of grievances which the employer is at a loss to explain.

## *Direct Statement*

A second and equally important reason for issuing a financial report to employees is the desire of the employer or the top management to address them in some direct manner, in order to inform them of the workings of their organization and to give them an understanding of the prob-

lems which management and labor must face together. Since personal interviews are impracticable in a business of size the report form has necessarily been chosen as the best method by which management may establish a direct contact with its workers. It might be noted here that the "report" may not necessarily be a printed one and in several cases has successfully been presented orally at mass meetings of employees.

What can be accomplished by the issuing of a statement for employees varies with the manner in which the project is carried through. First, by its very existence it can help to bridge the gap which exists between employer and employee in many organizations, since it indicates a recognition of the importance of employee coöperation and employee satisfaction.

Second, it can explain to the employee the workings of the mechanism of which he is a part so that he understands how and why the organization operates as it does. It can explain management's triple responsibility to the public, the employee, and the stockholder. It can give the employee some idea of the current status of the business, and in consequence, of his job and its prospects. It can bring home to him the significance of his own particular work in the total operation. It can show how the performance of each individual contributes to the welfare of the entire enterprise. It can show in what degree management has

attempted to discharge its responsibilities to its employees.

### *Conditions Influencing Preparation*

The conditions which must govern the issuance of a report are several. Most important is the status of employer-employee relations at the time and preceding the time that the report is to be issued. The report is a cordial gesture. If it is issued at a time when relations between management and personnel have been less than reasonably friendly it is likely to be interpreted as a stratagem or an act of paternalism and defeat its own purpose. The tone established by management in its everyday dealings with employees must govern the tone of the report and no sudden innovation must be introduced in order to avoid arousing resistance or suspicion. The status of collective bargaining will also have an influence on the report and will determine much of the content.

The size of the company will predetermine the nature of the report to a great extent. In a large organization the material to be dealt with is much more complex and the relationship between management and employees more remote and formal; while in the smaller organization, where the matter covered is relatively simple, it is frequently feasible to prepare a statement which is much more personal and more informal in both structure and tone.

Other factors which must be kept in mind when preparing the report

are the degree to which employees already are familiar with the conduct of the business; the educational background of the employees, socio-economic background, and level of intelligence. The report must be acceptable to all groups, within the grasp of all and yet not so simplified that any group can feel it is being talked down to.

The degree of centralization in both the training system and the organization will have a good deal of influence on the report. In some companies where individual departments are sufficiently large to be considered complete entities it may be desirable to devise some plan of indicating the financial structure of each department for its own employees as well as constructing the picture of the whole. In larger companies, where it is not readily apparent to employees which departments contribute most to earnings, it may be of interest to show just what the contribution made by each department is and how each department must figure in the allocation of expense.

#### *Forms for a Financial Statement*

Most frequently the report to employees has been inaugurated within the past year or two, as an annual thing ostensibly, and has been built around the company's annual statement to stockholders. This is either reproduced as such and then explained with as many ramifications as are necessary to get the company's points across, or it is presented in a somewhat less technical manner with

each item described in everyday terms to make it more readily understandable to those without financial training. In addition to this condensed balance sheet a number of companies include an analysis of expenses incurred in running the business, and also an analysis of what happens to every dollar paid into the company by its customers.

Some concerns have also found it of interest to include in the description of their balance sheets a "per employee" statement. This is done by dividing the amount of each item in the balance sheet by the number of employees in the company, in order to give a rough idea of what is behind each employee's job.

According to the length of the report it may be presented as a flyer, or a small leaflet; included in the house organ if there is such, or made into a booklet. As previously indicated, in some instances the report has been presented orally. While this latter method has the merit of personal delivery and permits of direct questioning of the speaker by assembled employees, it does not have the advantage of making possible the repeated reading and mulling over which a printed copy of the material offers. It is not always possible at a meeting to use the charts and the illustrations which are an integral part of the most successful reports issued thus far and which seem to do much to make the statement understandable, interesting and effective.

In preparing a report the deciding

factor in the choice of a medium should be the accustomed manner in which the company addresses employees—there should be no radical departure as far as practicable. At the same time, if possible, provision should be made for including illustrative and decorative material in order to make the report effective from the standpoint of interest, comprehension and entertainment.

### *Suggested Guide*

There follows, then, the suggested guide for an annual financial statement to employees. To some extent the suggested guide is a digest of financial reports to employees issued by industrial concerns. As we have said, it is by no means intended as a definitive outline, but rather as a framework around which a company can build its own report, altering it to fit its own needs and enhancing it by its own creative thinking.

Keep in mind that variations will undoubtedly have to be made on the outline in at least three specific cases. First, small companies which undertake a report will probably wish to convey the same basic information in a more intimate manner, avoiding broad general terminology. Second, companies which are unionized, or have their own system of collective bargaining will probably wish to give greater emphasis to the section on the status of collective bargaining and will wish to give detailed accounts of the accomplishments for the year. Third, those companies in which management and employees temporarily are not on thoroughly satisfactory terms of mutual understanding will probably wish to omit the section on "What We Did For Our Employees" since it may not be accepted in the good faith in which it is offered.

## EMPLOYEE'S EDITION OF THE ANNUAL REPORT FOR THE YEAR 1938-39

### Let's See Where We Stand

*We want you to see the record of our progress during the past year*

*We want you to know our hopes and plans for the future*

A statement to the effect that when companies were smaller and organizations were made up of fewer people, it was possible for the owner or his manager to bring together groups of employees to talk over the problems of the day, problems faced by the enterprise. Unfortunately, growth and expansion has made this close contact between management and employees increasingly difficult, but not impossible. Today, the employee may understand the position of his or her own department, but cannot know as clearly the position

of the business as a whole. This report is prepared annually for the purpose of acquainting employees with facts indicating the progress of the business.

### What Is Our Job?

#### *We must serve the public*

A statement of the fundamental purpose of the business. "It exists to manufacture and distribute goods; members of the organization must have a belief in the goods that are being manufactured as well as a belief in the need of consumers for them." The company must gather its raw and semi-finished goods from remote sources, process them in a skilled and competent manner, and see that they are distributed to consumers at a reasonable price. The effectiveness of the company in performing these functions determines its success.

#### *We must fulfill our responsibility to you, our employees*

A statement to the effect that employees are entitled to a fair return in money, security and increased opportunity for the time, interest and effort that they contribute to the success of the enterprise. The four or five fundamental rights of employees might be briefly outlined here.

#### *We must fulfill our responsibility to our stockholders*

A statement of the obligation to the person or persons who serve as backers of the enterprise. Capital is necessary to the operation of the business and those people who give us their money to use, and assume the attendant risks, are also entitled to a fair return in the form of interest or dividends. Hence the necessity of making an annual report to them, as well as the necessity of making a fair profit from the operation of the business.

### How Successfully Did We Do This Job in 1938?

#### *The picture in dollars and cents*

A recognition of the fact that every employee has some idea as to whether or not his department is doing well as compared with last year in sales volume or operating expense, but that few are in the position to see the financial picture as a whole.

(a) *What we own and what we owe*

Presentation of a simplified balance sheet with assets listed under "what we own" and liabilities listed under "what we owe," each item being amplified in a simple manner. It may be necessary to include a preliminary explanation of what a balance sheet means. An example of the balance sheet follows.

What We Own		What We Owe and What We Have	
Cash in banks to pay wages and other bills	\$	Money owed to manufacturers for raw materials	\$
Securities which can be turned into cash to pay bills and meet emergencies	\$...	Money owed to the government for taxes	\$...
Inventories, valued at cost or market—whichever is lower	\$...	Money owed for miscellaneous expense items	\$...
Rent, supplies and various types of insurance paid for in advance	\$...	Money we must reserve for insurance payments	\$...
Land, buildings and equipment necessary to the conduct of our business	\$...	Money we must reserve to pay employees for their vacations when they are not productive	\$...
Minus a reduction in the value of these things (except land) due to wear and tear as a result of use since they were bought or built	\$...	Money we must reserve to meet emergencies, for improvements in equipment and development of the business	\$...
Worth on	\$	The money invested in the business by our stockholders	\$...
Good will of our customers, our most valuable possession, but which we cannot measure in money and which we therefore carry at	\$	Money earned and saved by the company	\$...
Total amount of property, cash and other things we owned on	\$	Total money supplied to us and owed by us	\$...
	\$		\$

(d) *How did our job in 1938 compare with other years*

Other tables and graphs, comparing present with previous years, particularly where returns to employees and dividends are concerned.

## Another Way of Looking At It

*What we did in 1938 for our customers and consumers*

A description of the highlights in the extension of consumer service, in the addition of new lines of products, in the expansion and modernization of the plant and so forth.

*What we did in 1938 for our employees by providing jobs*

An estimate of the number of people working for the company and the number of families directly or indirectly supported by it.

*in wages and hours*

An estimate of the total payroll for the year and a comparison of the number of hours it is necessary to work for a given



sum now, as compared with years when longer hours and lower wages were prevalent.

*in improving working conditions*

The highlights of any improvements in structure and system that benefit employees, as well as any innovations or changes made expressly to benefit employees.

*in looking out for health*

A brief report of the work of the health department for the year, with interesting facts and figures.

*in providing insurance*

A description of the facilities for obtaining hospital, life, and other forms of insurance offered by the company.

*in giving opportunity for study and advancement*

A report on the executive training courses and other study facilities provided.

*in making promotions*

Actual figures

*in giving bonuses and awards*

Actual cases

*in sponsoring group activities*

A recapitulation of the athletic, social and other events of the year.

*in getting together and talking over problems*

A report on collective bargaining during the year, if any; otherwise the highlights of contacts during the year between management and employees to settle grievances or make suggestions, as well as a statement of the management's willingness always to hear individual employees or groups of employees.

### Looking Ahead

A statement of the outlook for the coming year, for the company itself and for business as a whole. A declaration of determination to continue to fulfill its responsibilities both to its customers and its employees, and a statement of the need for wholehearted cooperation between employees and management.

### *Do's and Don'ts*

Certain do's and don'ts which should be observed in preparing a report automatically suggest themselves in presenting the outline. The following are the most imperative.

#### *Do's*

- Give a complete and accurate financial report.
- Make it clear that employees are free to examine the actual stockholders' report.
- Explain any expansion or reorganization of which employees may have heard through rumor or newspaper reports.
- Be sincere, simple, logical and entertaining.
- Use illustrations freely, both for decoration and to clarify difficult points.
- Mention every phase of company operation and every category of employees, so that every employee reading the report can identify himself with some part, if not all of it.
- Keep the format simple and inexpensive, in order to avoid charges of wasting money that might go into wages.
- Inform all your executives and junior executives of the contents of the report before it is issued and be sure they understand it and can answer any questions intelligently.
- Make provision for receiving and answering employee comments and questions concerning the report.

#### *Don't's*

- Don't write in the first person singular.
- Don't talk down to employees.
- Don't overpersonalize this report by eulogizing a person or persons in the ownership or management group.
- Don't tackle socio-economic questions.
- Don't touch on matters which involve political or other convictions.
- Don't attempt to explain away difficult business problems by an ever-simplified interpretation.
- Don't sugar coat the picture.
- Don't alibi.

### *Literature on Subject*

There is a growing literature on the subject of employee publications in general and financial reports in particular. To those who are interested in studying the field in greater detail we recommend the following:

*Making the Financial Report Speak for Industry*, is a book just issued by the McGraw-Hill Publishing Company. We are informed that the book contains valuable suggestions for the preparation of financial reports for stockholders, the general public and employees, although the book was so recently published that a copy has not yet reached our offices. Further information concerning it can be obtained from the McGraw-Hill Book Company, 330 West 42nd Street, New York City.

*Financial Reports and Employee Periodicals*, an article which appeared in the August, 1938 number of "Personnel" a publication of the American Management Association. Its author is Frank Rising, Labor Editor of "Business Week." Mr. Rising suggests guiding principles for employee publications and financial reports.

*Management Tells Its Story to Employees*, an article in the November, 1938, issue of the "Executives Service Bulletin" of the Metropolitan Life Insurance Company, describing the method used by the Manning, Maxwell & Moore Company to present their story to their employees in a series of meetings. The article is by Mr. Robert H. Wason, president of Manning, Maxwell & Moore, Inc.

*Reporting to Employees on Company Operations*, a pamphlet issued by the Policyholders Service Bureau of the Metropolitan Life Insurance Company and available free on written request by executives on their business letterheads. The pamphlet is a detailed, illustrated survey of the reports issued by all types of businesses.

To Make San Francisco a Recognized  
Center of Equitable, Stable Industrial  
Relations—an Area in which Industry  
and Business can Operate Profitably  
and with Security to Employers,  
Employees and the Community.

# San Francisco Employers Council

By ALMON E. ROTH,  
President

FOR the purpose of protecting the rightful interests of employers and groups of employers through collective bargaining and mutual aid in relations between employers and employes, there has been organized the San Francisco Employers Council.

The objectives of this Council, as stated in its Articles of Incorporation, are as follows:

1. To secure collective action by employers and groups of employers to the end that stable, peaceful and harmonious relations between employers and employes will be promoted and established and that wages and working conditions fair and just both to employer and employe be maintained and honest and faithful observance of all agreements and obligations by all parties concerned

be procured, always recognizing the public interest as paramount;

2. To promote and encourage the organization of autonomous groups among employers and to promote co-operation among such groups and individual employers for mutual counsel and aid in matters relating to labor relations;

3. To promote the recognition and exercise of the right of employers to bargain collectively;

4. When requested, to assist its members and others in matters relating to the negotiation, execution and performance of fair labor contracts;

5. To collect, compile and distribute information and statistics relating to any of the matters mentioned herein.

We believe these objectives to be reasonable and necessary, in the furtherance of sound industrial relations.

Organization of the San Francisco Employers Council is in keeping with the advanced procedures in labor relations found in Great Britain and Sweden as reported by the Commissions sent to those nations by President Roosevelt. These Commissions found not only local, but regional and national groups of employers bargaining collectively with similar groups of employees. On this point the report of the Commission sent to Great Britain says (Par. 10):

"Among the employers' associations some, like the Mining Association, are quite homogeneous; some, like the Engineering and Allied Employers' National Federation, bring together many different types of manufacturing; some, like the Wholesale Clothing Manufacturers' Association, affiliate both district associations and individual firms; some, as in the textile industry, consist of particular divisions of an industry according to materials or processes or both. Among the union federations, some are very loosely organized and others are so highly developed that they differ little from amalgamations; they may bring together unions in different industries, or local unions in a single industry, or associations of national unions in a single industry."

A number of the incorporators represented employer groups. Those

groups so represented included the following:

Association of San Francisco Distributors

Hotel Employers Association of San Francisco

Building Owners and Managers Association of San Francisco

Motor Car Dealers Association of San Francisco, Inc.

Central California Chapters, Associated General Contractors of America

Waterfront Employers Association of San Francisco

The Board of Governors, which has superseded the original Incorporators, includes, in addition to representatives of the above groups, the President of the San Francisco Chamber of Commerce, the President of the San Francisco Junior Chamber of Commerce, and the President of the San Francisco Real Estate Board; also representatives of individual employers and the public at large.

While one of the main purposes of the Council is to encourage the development of group organizations similar to the Waterfront Employers, the Hotel Employers Association, the Association of San Francisco Distributors, Inc., and the San Francisco Retailers Council, the Council will furnish assistance and advice to employers not members of any group body; and it is expected that the Council will eventually become the recognized spokesman in a broad sense for all employers whether group or individual.

By-Laws of the Council provide for three classes of members—

1. Industry associations;
2. Individual employers, whether members of a group association or not, and
3. Individuals who are not employers but who have a direct interest in industrial stability.

The Council will undertake the following definite services for its members:

1. Provide a central body and clearing house to which all problems in industrial relations in San Francisco can be brought for consideration, counsel and aid;
2. Collect and compile statistics and information for use in negotiations with labor unions or arbitrations arising under labor contracts. Through a highly integrated and trained staff organization, the Council will bring to bear upon industrial relations problems the factual experience of not only San Francisco employers, but also of employers in similar lines of activities in other communities;
3. When requested, assist its members, in matters relating to the negotiation, execution and performance of labor contracts;
4. Render financial assistance to its members in such instances as involve the common interests of employers in San Francisco, and to such extent only as shall be approved and limited by the Board of Governors of the Council in advance;
5. Develop and promote sound

legislative programs on matters affecting employer-employee relations;

6. Compile and furnish to the public accurate information concerning labor relations problems with a view to developing an appreciation by the public of its vital interest in industrial stability.

The members of the Association commit themselves to the following program:

1. Members shall file all their contracts and agreements with local labor unions with the Council;
2. Members shall advise the Council of any demands by unions for changes in such agreements before making any commitments relative thereto;
3. Members shall advise the Council of any dispute or labor disturbance which is likely to lead to a strike or a lockout, and the circumstances connected therewith;
4. Members shall co-operate with the Council in the development of a co-ordinated program on legislation affecting employer-employee relations.

The Council seeks to achieve a balance in industrial relations founded upon a collective employer strength comparable to the collective strength of organized labor. Such relatively equal strengths lead to mutual respect and to the making and keeping of fair working agreements.

It is not our belief that this organization is of itself a remedy for all industrial ills. That remedy must be found in a mutual willingness and desire to approach these intricate

problems with a belief that they can be solved without destroying the rights of either party and with full consideration for the public interest, which is always paramount. That interest is to make San Francisco a

recognized center of equitable, stable industrial relations—an area in which industry and business can operate profitably and with security to employers, employes and the community.

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Collective Bargaining for Wage Increases in Different Departments Led to Job Classification Plans. Arguments Over Pay Rates then Shifted to Individual Employees and Whether they Were Worth Their Pay and Led to Merit Rating. What Next?

# Full Use of Employee Ratings

By HOMER L. HUMKE,  
Personnel Research Bureau,  
North Manchester, Indiana.

ON THE desk of the personnel director lay 3,500 sheets of paper. Each was a rating sheet telling something of the personality, habits and actions of the employees in a factory. These sheets represented the joint efforts of many supervisors in the plant to evaluate their workmen. Many hours of work were spent in developing the rating sheet and in collecting the data. The next job was what to do with the sheets.

The first concern of a company which has rated its employees is whether or not the rating really measures the qualities of the particular men who have been rated. Then, too, the rating must be such that comparable results can be obtained if the rating is repeated in a

year or so. The returns from a rating system may reveal that those who made the rating were not qualified to perform a function of such grave importance to the company and to the persons rated.

## *Rating and Morale*

One of the outstanding interests in rating systems grows out of the present emphasis on employee morale. A rating system will not necessarily measure employee morale, but it may be drawn up in such a way that it will afford a fine approach to the study of individual morale. This is the point of richest return from a rating system. Any company which is unable to apply its rating system to the problem of understanding employee attitudes and em-

ployee morale may do well to give some thought to the revamping of its system.

An analysis of the ratings by departments should be made to determine the distribution of the ratings of employees as high, low, intermediate or on whatever levels the system provides. Specifically, if we consider the criterion, "dependability," rated at five levels from high to low, we should know what percentage of employees in each department are rated at each rank. Granting that the returns are both reliable and valid we should be able to make deductions as to whether the department stands lower than other departments, and whether it contains more dependable persons than other departments.

#### *Check Against Performance*

Where deficiency in any criterion is indicated this deficiency should be checked against the performance of the department. By so doing it may be possible to locate the reasons for wasted material or for low employee morale. The foreman may be consulted as to why he has not improved this particular condition in his department.

Traits or criteria used in any rating scale should always be related to actual performance. A general summary of these traits should be made to gain an index of the plant as a whole. Thus a composite of the standing of the company in all traits is obtained.

Such a composite may show that department "Y" has 56% of all its ratings at the "A" level. Another department may have only 2% of its ratings at the "A" level. In such extreme cases there should be a careful survey of the causes for such diverse conditions. Granting that the data reveal the true facts something should be done at once in the department which has only 2% of its employees in the upper bracket. Situations similar to those presented above exist in industry and business today as revealed by actual returns from ratings.

#### *Compare Distributions*

Comparison must be made as to the comparable standing of each criterion or trait in the department and in the company as a whole. A recent audit revealed that a certain department placed 71% of its employees in the "A" level in "accuracy" but placed only 7% of its employees in the "A" level in "behavior." Evidently there is much work to be done in that department to improve the behavior of its employees.

Similar study should be made of the plant as a whole in regard to the rank of the employees in each criterion. If the "A" levels are distributed so that "behavior" receives 31% of the "A" ranks and "safety" but 9% of the "A" ratings some consideration should be given at once to the matter of safety.

The richest returns from the use of



a rating or personal audit should come from individual analysis. The employee who rates "A" in all criteria but one and rates "D" or "E" in that single criteria is a subject for careful study. This introduces a phase of personnel work that is as yet not fully recognized in industry.

Still more serious is the case of the employee who has long years of seniority with the company but who is rated low in most of the criteria on the rating sheet. This job necessitates an audit done with the same exactness that is given to an inventory of materials. A sheet giving the name of individuals, the work they do, the work they can do, their standing on each criteria and their seniority rank will prove a revelation to any company which has never made up such a record.

#### *Advancement of Employees*

Rating sheets should be built so as to provide a record of the actual performance of the individual on the job. They should also provide for rating the ability of the worker to advance or to receive training. Most rating sheets do not make any distinction between performance on the job and ability to advance. There are many cases where workmen are very satisfactory but are not qualified to advance. Many are not interested in training on the job for that or other jobs. These people are usually very contented individuals who do good work. Discontent may be found among those who are worthy of larger demands upon their abilities

or who have both the ambition and mental capacity to advance.

A careful study of the employees rated high in "ability" reveals the reserve power of a company. This reserve power is a very essential asset in any business. Individuals so rated should be given special consideration including an investigation of their interests, and a study of their educational and experience backgrounds. Training should be provided for these people in as far as conditions and opportunities warrant.

If a company has fifty departments and eight of them have no individual who rates "A" in ability there is cause for immediate investigation. The foreman may be afraid to bring or to keep any strong men in his department. Promising workers may refuse to stay because of the foreman's attitude.

If one department rates as many as 50% of its employees "A" in "ability" it may be that the foreman's standards are unreliable, his judgment is bad, that he has failed to push good men on up the ladder, or that he has not cooperated with other departments or with the employment office. Every department needs at least one or more strong men as understudies. An analysis of the ratings should reveal the real conditions in regard to this important matter.

#### *Ratings and Service Records*

If group leaders, straw bosses, shift leaders or assistants are rated,

the same careful study should be made of them that has been suggested for the regular workman. If these men exercise any amount of supervisory power it is best to use a rating sheet which differs from the one used for workmen. A sheet used for rating foremen is more satisfactory in this case.

Follow up of ratings for workers will be much more effective if the rating sheet becomes a service record which can be transferred from department to department if the employee is transferred. A record of the employee's performance should be made on the back of this rating sheet or on an attached sheet. Outstanding safety records, improvements, and the man's work record should be recorded as a sort of merit award record.

Likewise, his serious blunders and bad attitudes should be recorded. These last items should not be for the purpose of keeping a record that might be used against the man, but rather as a guide to help him in correcting his faults.

### *Should Worker See Ratings*

Should a worker be shown his rating sheet? Circumstances will modify the approach and method used. No amount of care will keep employees from learning that a rating system is in use. Any system that will not stand the scrutiny of those who are rated had better be placed in the discard. It may be unnecessary and unwise to call employees in one by one to look over their ratings although there may be plants and

departments where this could be done.

But information can be quietly circulated so that any employee may see his sheet if he desires. When a man gets into trouble his attention may be called to his past record and he may be shown in what particulars his rating is faulty. Of course, this must all be done with the best of spirit and with the confidence of the workman.

After the ratings have been completed those who rate particularly low should be called in for a conference with a view to getting their help and opinions in making improvements. A foreman who cannot sit down in quiet with an employee to talk over a weakness is not qualified to handle men in action under the strain of modern production. There is nothing that makes a workman sore quicker or more anti-social than to be "fixed" after two or three years because his "rating has never been satisfactory anyway."

By way of summary it seems wise to forego the important job of employee rating unless a firm is able and willing to follow through after rating. An analysis of the form in use should be made to see how the returns it brings comply with performance and with release and transfer records. The ratings should be used specifically as a guide to remedial work with employees. The returns should be used as aids in further qualifying foremen to improve the reliability of ratings of their workers and to improve the abilities and attitudes of their workers.

Mr. Andrews Eventually Expects to Have 1500 Employees, Including 600 Inspectors, 89 Branch Offices, and 100 Industry Committees. He Thinks the Law Should be Amended to Protect Employers.

# Wage and Hour Administration

EXCERPTS FROM TESTIMONY OF  
ELMER F. ANDREWS,  
Before House Appropriations Committee.

MR. WOODRUM. We have before us an item of \$950,000 for salaries and expenses in the administration of the Fair Labor Standards Act.

Mr. Andrews, if you desire to make a preliminary statement in reference to the work of your division the committee will be very glad to hear you at this time.

MR. ANDREWS. Mr. Chairman, I started work on August 16. We had to progress very slowly for a number of reasons. One was the limited appropriation.

The Director of the Budget very kindly, and I think correctly, permitted us to use our money faster than one-twelfth of the appropriation per month, the appropriation being

\$400,000, of which \$50,000 went to the Children's Bureau.

May I say that this deficiency estimate we prepared in such a way that we shall work upward from our present staff, which is about 377 on our own pay roll. We have been loaned, on the reimbursable basis, about 111 people from other agencies who are not on our pay roll but whom we need to carry on our work.

This money which we are asking for will permit us to build up this organization gradually, so by the end of this fiscal year we will have about 750 employees. We think that this is the very least we can get along with to give the public the service which I think they expect.

*1500 Employees*

MR. WOODRUM. Right on that point, let me ask you this question: What do you expect your pay roll to run during 1940?

MR. ANDREWS. I think at the end of the next fiscal year we will work up to about 996 employees, if we have our full organization going then.

MR. WOODRUM. Will that be your peak?

MR. ANDREWS. No, sir; and we made a very careful reservation before the Director of the Bureau of the Budget. We think if the organization is to be successful it will have probably as many as 1,500 employees.

In other words, we think we need about 600 inspectors, but that has been reduced to about 350. We use first the basis of the industrial population, having 1 inspector to 30,300 covered workers, while in New York State we have more than 12 inspectors for that number, and in England, where they have an act somewhat similar to ours, they have at least twice as many people as we are requiring. I do not think it would be proper for us to expect too much, but to feel our way along as we go.

MR. LAMBERTSON. That means in the Washington office?

MR. ANDREWS. No.

*89 Offices*

MR. LAMBERTSON. Does it mean in the regional offices?

MR. ANDREWS. That means our 12 regional offices, and our perfect set-up, including these regional

offices, is something like 89 offices eventually in the United States in addition to the Washington set-up.

Of course, there will be many more people in the field than in Washington. In order to make the act work as it should, we should have the right type of people in the centers of industrial population where people can go to them and get information rapidly, and where our inspectors can be near the places they have to inspect.

I might mention that as much as possible we want to utilize the State labor departments, and when we find that they can do the work, to give them a good deal of the inspection work.

MR. WIGGLESWORTH. What was your figure on inspectors?

MR. ANDREWS. We asked originally for 603, one for every 20,000 covered workers.

MR. TABER. And the Budget allowed you how many?

MR. ANDREWS. They allowed us about 350; that is in our regular budget.

Of course, the field branch is a branch of coöperation and compliance, and that is where the inspectors are, and where the regional officers are.

We expect to have a regional director, a regional attorney and a regional information person, and we would say 20 inspectors per supervising inspector and a small clerical personnel. That was the set-up used for estimating purposes.

*Civil-Service Status*

MR. LUDLOW. Do you have any employees who are not under civil service, aside from the directing heads?

MR. ANDREWS. We have the deputy administrator, the assistant administrator in charge of wage-and-hour standards, the assistant administrator in charge of coöperation and enforcement, the assistant administrator in charge of the information service, and the general counsel, whom I have been permitted to appoint under Presidential edict, or whatever it is called, for the first incumbent only. They have to pass civil-service qualifications, but they do not have to take an examination. That is also true of our regional directors.

*Pressure For Committees*

MR. WOODRUM. Is it \$400,000 for the current fiscal year?

MR. ANDREWS. Yes, sir. The Wage and Hour Division received \$350,000 of that. We have a great deal of pressure brought on us by all sorts of organizations, some trade organizations and some labor unions, to appoint other industrial committees as quickly as possible in such industries as boots and shoes, rubber goods, leather, paper, and so forth. To that we just have to say that we have not the personnel with which to do it.

MR. WOODRUM. What is your experience as to the attitude industry has taken toward this work?

MR. ANDREWS. I have the advantage of having made several trips to the Southeast, Southwest, Middle West, and West. I have met mostly with chambers of commerce—in San Francisco with the Commonwealth Club, in Chicago with the Illinois Manufacturers Association, and so forth—and everywhere they seem to think that it is not a bad act, after all. A great many people say this to me, "Of course, we were against the act because we thought it was just another example of Government bureaucracy butting into the affairs of business, but, apparently, it is going to work." Business men seem to agree on the shorter work-week, and the gradual raising of wages. They agree that that is a good thing from the business standpoint, and that, after all, is a better business act.

I think that they begin to have confidence in it, and they want us to make it a sound act for business, and from their standpoint not another gesture of the Government trying to butt into the affairs of private industry. That is what they told me, and I think that is a correct statement of the feeling of business generally.

*Small Businessmen*

MR. LAMBERTSON. Is not that true of large industry, but not the attitude of the smaller ones?

MR. ANDREWS. Of course, the gentlemen who met me in my travels around the country were probably the representatives of the larger industries, but I can speak of the small

industries as I know them in my own State, where I have had a good deal of experience with minimum-wage laws. They seem to be equally interested, because, apparently, there are just as many good small employers as there are large ones, and those small employers, in turn, have a minority of employers who are chiseling. The chiseling small employers would be just as much against the interest of the better small employers as is the case among the big employers in the competitive market.

#### *Amendments to Act*

MR. LUDLOW. I presume this act will be modified from time to time: Have you gone into it far enough to make any suggestions as to amendments or changes?

MR. ANDREWS. I have had the privilege of talking with quite a few gentlemen in Congress. I, being more or less a newcomer, do not wish to be too forward with recommendations. Of course, there have been a great many recommendations made to us, and the act says that the Administrator shall make recommendations from time to time to Congress as to appropriate amendments. I noticed from their recent report that the American Bar Association has made no recommendation yet. They say that it is too early. I am not sure that is so.

I think I would like to sit down and talk with the Labor Industries Committee about that, because I think that first in importance is that the law be amended for simplifica-

tion, but I do not think that the basic principles should be changed. I think that a clarification of some things in the act would be very helpful.

I am glad you brought that up, because one of my duties is that of answering questions. We have a deluge of mail. I receive letters from a great many people containing questions and some of them I have not been able to answer definitely, because, for one thing, the Administrator has not the power to rule on what is interstate commerce. We are using the States, where they wish it, to have laws covering intrastate commerce, and I believe that half of the States will have legislation of that sort before them this year.

#### *State Laws*

If legislation of this type is passed by the States, it will very much simplify our task here in Washington. On questions of law, or on the border-line of the law, we do not feel that we should attempt to answer the questions too definitely. We do not think that is what Congress wished us to do, but we try to give answers as rapidly as possible, but with the warning that if we are wrong—

MR. LUDLOW (interposing). When a business concern comes to you with a bona fide question for its own guidance, you try to furnish the information, do you not?

MR. ANDREWS. Yes, sir. Of course, sometimes it is difficult for

me to say what the answer is. If the act had a provision that when the Administrator makes a rule or regulation, or passes upon a particular situation, such as I believe is contained in the Security Exchange Act, the person receiving the advice would be relieved from any retroactive action in any court in the way of awarding back wages, for instance. We can now advise employers on some questions but there is always a possibility that the courts might overrule us.

*100 Committees Foreseen*

MR. LAMBERTSON. How many industries do you estimate there are in the United States?

MR. ANDREWS. I think it all depends. You could say that there are 1,500 industries. The Administrator is supposed as rapidly as possible to form the industrial committees.

MR. LAMBERTSON. I was wondering how many there were in the whole United States.

MR. ANDREWS. Before I came down here, I consulted with some of the principal industrialists on that point, and the thought was that where we could we should make the coverage, as broad as possible, considering, of course, both from the legal and economic standpoints. That was the approach in the textile industry, which under the N. R. A. had many codes. We got the industry together and they agreed on a broad definition of the industry.

MR. LAMBERTSON. How many do

you recognize as the maximum number that you will ever recognize?

MR. ANDREWS. I think if we go back to the old way of classifying industries, there would be 1,500, but I think we should get that down to less than 100. We have now our one apparel industry committee covering what was considered 32 industries in N. R. A. days.

*Committee Representation*

MR. DITTER. Do the small employers gain representation on these committees?

MR. ANDREWS. We try to have a good cross-section of the industry. Where the small man belongs to a trade organization, he may feel that he is well represented by an outstanding man in the industry on the committee. Where we have various ramifications of the industry, as in the textile industry, they say, "We do not care about being represented, because the men appointed there are outstanding men and we trust them; but if we do need representation, can we have a small subcommittee or an advisory committee?" Therefore these ramifications of a large industry are represented by small subcommittees.

MR. LUDLOW. By and large, you do not find industry disposed to be unreasonable, do you?

MR. ANDREWS. No, sir; it is almost too good to be true. Take the Cotton Garment Manufacturing Association. They say that we are all right, but that they want regular inspections made by our men, be-

cause, they say that, while as a group they are fine, they want policing done—I will not say “policing,” but they want investigating work done by the Federal Government to be sure that there is no breakdown in the act. There is a fine spirit of compliance. Under the N. R. A., when something was not done, some started chiseling, and then the whole code was broken down. We must have people in the field to protect employers against any growing disrespect for the act. We will have that if we do not have some real enforcement.

#### *Protection of Employers*

MR. LAMBERTSON. The first section of the act gives your scope as dealing with interstate commerce. Are you really going to take cognizance of that, or are you going to cover all labor?

MR. ANDREWS. No, sir; only in interstate commerce. That is one of our most difficult answers. We are trying to be realistic and sensible; but, as you know, only the Supreme Court of the United States can make a final ruling on that. Unfortunately, we cannot say to a person, “You are either definitely in or definitely out. If you say you are out, we will still have to say, perhaps, the courts will decide otherwise.”

That is the reason I said that we might have amendments if we want to protect an employer against any court decision which might be contrary to our informal rulings.

MR. LAMBERTSON. I just won-

dered how you were going to meet that, because I have regarded that as one of the impossible situations in the act. I think it was the intention of Congress in passing the act to include all labor.

MR. ANDREWS. I would prefer to have the States have their own acts, thereby including employees in intrastate commerce.

MR. LUDLOW. You want to be very careful not to unjustly penalize any employers, and in case the matter is so decided, that they be given retroactive immunity.

MR. ANDREWS. The Securities and Exchange Act, I think, has that provision; that is, that if the Commission once says something, the person receiving that advice can feel satisfied that he is protected.

#### *Complaints*

MR. TABER. You say you have had how many complaints?

MR. ANDREWS. About 6,200, 40 per cent of which look as if they might be real complaints. There are a great many complaints from people operating in intrastate commerce who think that they are within the act, which they are not. There are 6,179 complaints as of January 10. Of those 6,179, 1,348 seem to be violations, or 40.2 per cent; 549 seem not to be violations, or 11 per cent; 922 do not contain enough information for us to tell, and they have to be sent back for more information. That is 27.4 per cent; and 506 involve unsettled questions in industries where at the present time we can only hold



hearings to determine whether they are seasonable or on questions of area production or matters of that kind.

MR. TABER. Most of them complain that they have been worked an extra hour or two in a week, or something of that kind?

MR. ANDREWS. That is right, sir.

MR. TABER. It is a very small number of hours, mostly, is it not, where there is an hour or so variation?

MR. ANDREWS. No; I think it is more than that. It was the idea that as of October 24 a person's hourly pay could be reduced for the first 44 hours and then increased after the 44 hours to come out with the same amount, for the same work week as existed previous to October 24.

MR. TABER. Do you have many of those complaints?

MR. ANDREWS. Quite a few. Under the act, section 18 says that it should not be done, but somehow the drafters missed any penalty for it. We think it is against the wishes of Congress; but we do not know where the penalty is. That might be another amendment that might be welcomed.

MR. TABER. Maybe there was a reason for that being there; I don't know. There is no penalty for working them more hours than is required?

MR. ANDREWS. Yes; there is a penalty for that.

MR. TABER. But not for not paying them overtime?

#### *Reduced Weekly Earnings*

MR. ANDREWS. No; there is a penalty for not paying them over-

time. The question is whether there is a penalty or not for reducing wages under the act. The act went into effect October 24—some employers, not very many, reduced the hourly rate on that date, so that they would work the employees 44 hours at a reduced rate, and then with the overtime after the 44 hours at time and one-half they would pay for a work week of 50 or 56 hours the same amount as was paid before the law went into effect, although the act expresses the pious hope that nothing in the act shall tend to reduce wages.

MR. TARVER. Will you permit an interruption?

MR. WOODRUM. Certainly.

MR. TARVER. Have you many cases of this kind? Where an employer has paid an employee who has gotten the general wage at an hourly rate, say for a 50-hour week or more, and has reduced the number of hours to 44, paying him the same hourly wage that he did before October 24, but the result being that the employee has sustained a net loss in the amount of his wages?

MR. ANDREWS. Exactly. That is perfectly legal; and, of course, labor wants to know why.

Of course, labor wants to know why, and our only answer is you cannot have any act which reduces the work-week that you will not have some reduction in the total weekly income.

Labor talks about a 30-hour week. You cannot expect an employer who is paying a dollar an hour for a 50-hour week to be in a position

where he would be able to pay \$50 for a 30-hour week overnight. There are very few employers who can afford that sort of thing.

MR. TARVER. What is the extent of complaints of that character by employees?

MR. ANDREWS. Very little. We just give the explanation that I have tried to give you and they see the point. It is up to collective bargaining and better times to get that weekly return back.

*Model State Act*

MR. LUDLOW. Mr. Andrews, most of the State legislatures are in session this winter, are they not?

MR. ANDREWS. A great many of them; yes, sir.

MR. LUDLOW. Is it necessary or desirable that they enact legislation in order to correlate their State activities?

MR. ANDREWS. It is usually necessary. As I have gone around recently, I have met a good many Governors, and newly elected Governors; and irrespective of party they seem to think that minimum wage regulation is the proper sort of legislation. I understand that at least half the States in the United States already have acts prepared to be introduced.

MR. LUDLOW. What sort of State act is it?

MR. ANDREWS. Well, some States

will have just a minimum wage act without hours. In my own State there was some question whether it would be constitutional to legislate for minimum wages and maximum hours for men. At the last election we adopted a constitutional amendment to make it clear that we could do that. To amend our minimum wage law to include men—we will just have to knock out two words, "females" and "minors," and substitute the word "employees." We already have legislation for hours for women, and we can pass an hours act for men. It all depends on what the existing State laws are as to what legislation comparable to the Federal act is necessary.

MR. LUDLOW. You are not suggesting any uniform State statute, are you?

MR. ANDREWS. The Secretary of Labor last November called the fifth annual meeting on labor standards and labor legislation, at which there were representatives of most of the States, either from their labor departments or other officials representing their Governors. They recommended unanimously a model act to be used as a basis of consideration. There is great demand from the various States for copies of this proposal. So there seems to be a real interest. It is very interesting that there is as much interest on the part of employers as employees.

"I Enclose Contracts Which We Propose to Have Signed Between Our Employees and the Company. Mr. A of the Chamber of Commerce Has Promoted This Solution for Industrial Peace. May I Have Your Comments?"

# Vulnerable Labor Contract

FROM A COMPANY PRESIDENT.

**A**GREEMENT made this — day of February, 1939, by and between the X Company, Inc., a domestic corporation having its principal office and place of business at \_\_\_\_\_, hereinafter called the "Employer," and the duly elected collective bargaining committee consisting of the employees of X Company, Inc., and each and every one of the employees of said company, hereinafter called the "Employees."

*Witnesseth:*

WHEREAS, the employees engaged by and working for the employer have duly and regularly selected and designated the committee whose names are hereunto subscribed as their spokesmen and representatives, which said committee has been so recognized by the employer; and

WHEREAS, the parties hereto recognize and subscribe to the principles of collective bargaining in its fullest and truest sense, for the mutual interests and benefit of all concerned; and

WHEREAS, the employees are desirous of having assurance that while employed by and working for the employer a certain fair wage scale and beneficial working hour schedule now in effect would remain in force; and

WHEREAS, the employees, through the committee, have bargained collectively to obtain such advantages and benefits, and the employer is willing to give such assurance upon the terms and conditions hereinafter set forth,

*Terms of Contract*

*Now, Therefore,* in consideration of the foregoing, and of the mutuality of the agreements herein contained, and of the sum of One Dollar (\$1.00) by each of the parties hereto to the other in hand paid, the receipt of which is hereby acknowledged, the parties hereto hereby agree:

*First:* The employer and employees mutually agree that the Standard Practice Instructions as issued and followed by X Company, Inc., for several years prior to the negotiation of this agreement is made and hereby becomes a part of this contract and is appended hereto. These Standard Practices relate to overtime, vacations, working hours and other working conditions except rate of wages for normal working hours.

*Second:* The employer agrees to pay all employees engaged by and working for it in any capacity the same rate of hourly pay or weekly pay as was in force and effect on February 1, 1939.

*Third:* The employer and the employees mutually agree that the employer has the right to place each, any or all of his employees on a piece-work basis. The piece-work rate established shall be arrived at by mutual agreement between the employer and the employees of the department involved. In case the employer and the employees cannot arrive at a satisfactory piece-work rate, that question shall be submitted to arbitration as hereinafter provided. It is further mutually agreed and understood that any piece-work rate established will enable the worker to earn at least the same amount of money he had been earning on an hourly basis of pay.

*No Lockouts or Strikes*

*Fourth:* The employer agrees that if the employees abide by, and fully perform all the terms and conditions of this agreement on their part to be performed, from on and after this date and during the term of this agreement, it will not lock out any of the employees who may be working for it, because of any disagreement or dispute arising hereunder. Nothing in this agreement contained, however, shall in any way affect or interfere with the right of the employer to discharge employees or to lay off or dispense with the services of the employees, or any one, or any part, or all of them, because required to do so by reason of seasonal slackness, lack of orders, dearth of business or necessitated for repairs, renewal or alteration of plant and/or equipment.

*Fifth:* The employees agree that henceforth and during the entire period of this agreement up to and including July 1, 1943, they, or any of them, will not go out on strike.

*Sixth:* Any employee has the right to join any union of his own choosing or to refrain from joining any union. The employees or any of them shall not and have not the right to demand a closed shop or a signed agreement by his

employer with any union. This does not in any way restrain the employees from having a union representing them or advising them in collective bargaining, and the employer has the absolute and unqualified right to hire or discharge any employee or employees for any reason and regardless of his or their affiliation or non-affiliation with any union; except that it is mutually understood and agreed that the employer will not discharge employees because of legitimate union activities conducted outside of company time or company property or because of affiliation with any union. It is further mutually agreed and understood that the collective bargaining committee or the employees will not intimidate or coerce employees and also will not solicit membership in any union on corporation time or plant property.

#### *Discharges Not Arbitrable*

A discharged employee may submit to the employer facts indicating that his discharge was unreasonable, and the employer may at its discretion reinstate said employee, it being the intention of the employer that employees be not unjustly discharged. It is strictly understood and agreed, however, that the question as to the propriety of an employee's discharge is in no event to be one for arbitration or mediation and that any action of reinstatement, if any, will be taken voluntarily by the employer if it deems such reinstatement advisable.

*Seventh:* The wage scale established in this agreement is to continue in full force and effect until June 30, 1939, except that it may be voluntarily increased by the employer in any part and in any respect before that time, and if so increased, may be reduced by the employer, but not below the scale agreed upon to take effect with the signing of this contract.

*Eighth:* Not less than fifteen (15) days and not more than thirty (30) days prior to June 30, 1939, the employer or the committee may file notice of its or their desire for a change in the rate of wages or the number of regular hours of employment per week, or both, as herein and hereby established. During this period, a request for consideration in regard to a change in facilities of employment may also be submitted. The term "facilities of employment" means only and relates only to suitable dressing facilities and maintenance of sanitary working conditions in and about the employer's premises and shall not be subject to any other construction or interpretation.

#### *Arbitration of Wages*

If such a notice is filed and, if during the period between the giving of the notice and June 30, 1939, no arrangement, mutually satisfactory, for a change of rate of wages and hours or working facilities, or vacations, as indicated is reached between the parties, the matters in dispute arbitrable hereunder as are

properly incorporated in the notice, and such matters only, shall be settled by mediation and arbitration. The arbitrator designated shall be mutually acceptable to the employer and the committee and the decision of the arbitrator shall be accepted by and shall be final and binding on all of the parties to this agreement. Any decision rendered by the arbitrator subsequent to June 30, 1939, effecting a change in the rate of wages, shall be retroactive to June 30, 1939.

In the event that the employer and the committee cannot agree upon an arbitrator, they shall petition the Supreme Court of the State to appoint a disinterested party to act as arbitrator, the cost of arbitration to be borne and paid equally by the employer and the employees. All of the parties understand and agree that the propositions and questions of a closed shop and signing of an agreement with any union are not and shall at no time be matters subject to, or to be submitted to, arbitration.

Not less than fifteen (15) days and not more than thirty (30) days prior to June 30, 1940, and June 30, 1941, and June 30, 1942, the employer or the committee may file notice of its or their desire for a change in the rate of wages or the number of regular hours of employment per week, or vacations, or a change in facilities of employment to be effective for the following twelve months, in accordance with the procedure prescribed for mediation and arbitration as set forth in the above paragraphs.

#### *Five Year Agreement*

*Ninth:* The parties hereto agree that the wage scale agreed upon to become effective June 30, 1939, shall remain in full force and effect until June 30, 1940, and that thereafter every year this agreement shall be renewable automatically in full force and effect, except as mutually agreed upon and amended in writing in accordance with the provisions of the foregoing article, up to and including June 30, 1943. It is further mutually agreed and understood that all of the terms, provisions and conditions of this agreement shall remain in full force and effect up to and including June 30, 1943, except as the changes specified may be agreed upon as indicated, which changes shall be effective and binding upon the parties hereto only if reduced to writing and signed by the parties hereto.

*Tenth:* The parties hereto mutually agree that the watchmen, salesmen, clerical help and those employees engaged in the field are not covered by this agreement.

IN WITNESS WHEREOF, the parties hereto have hereunto affixed their signatures as of the day and date first above mentioned.

THE COLLECTIVE BARGAINING COMMITTEE  
OF EMPLOYEES OF X COMPANY, INC.

X COMPANY, INC.

Pres.

INDIVIDUAL EMPLOYEE:

*Individual Contract*

I, \_\_\_\_\_, the undersigned, hereby agree to accept temporary employment in the X Company, Inc., plant and I agree to abide by all the terms of the agreement entered into by, and between, X Company, Inc., and its employees, including the Standard Practice procedure which is a part of said agreement, as of February \_\_\_\_\_, 1939, which is attached hereto. I agree to accept this temporary employment at the rate of wages of \_\_\_\_\_ cents per hour, and I further agree to have no further claim against X Company, Inc., upon my discharge, provided I am paid for the hours worked during said employment.

(Signature)

(Date)

The First Concern of Business Continues to be Recovery and Jobs. Today There are Still Too Many Employable Men and Women Who Want Work and Cannot Find It.

# Relief Pay 4% of National Income

By BUREAU OF STATISTICS AND RESEARCH,  
Social Security Board,  
Washington, D. C.

DATA on estimated monthly income in the United States for the period 1929-38, published by the Department of Commerce in the *Survey of Current Business*, show effectively the relationship of payments for direct and work relief to total income. These data enable relief pay to be viewed in perspective within the total structure of national income.

The index of monthly income presented in chart I is based on the average month in 1929 as equal to 100. (The income-payment series for compensation of employees, entrepreneurial income, and dividends and interest are adjusted for seasonal variation.) The income classifications in the chart are as follows: (1) compensation of employees (except under

work-relief programs), (2) entrepreneurial income, (3) dividends and interest, (4) adjusted service certificate payments to veterans (soldiers' bonus), (5) direct relief, (6) work relief, (7) social insurance benefits. When the component segments of the chart are compared, they show that although payments for direct and work relief have increased greatly in recent years, the share of the total which these represent has remained relatively small.

Only relief pay from public funds are included in the relief segments of the chart. From 1929 through 1932, work-relief is included with direct relief because the volume of such payments prior to 1933 was negligible and reports on this type of relief were not uniform. Relief pay for 1929



through 1932 is estimated by the Department of Commerce, primarily from data for relief payments in 120 urban areas. The data on relief payments subsequent to 1932 are from records and reports of the Federal Emergency Relief Administration,

blind; and emergency subsistence payments to farmers by the Federal Emergency Relief Administration, the Resettlement Administration, and the Farm Security Administration. "Work relief" includes relief and nonrelief earnings on work-relief and

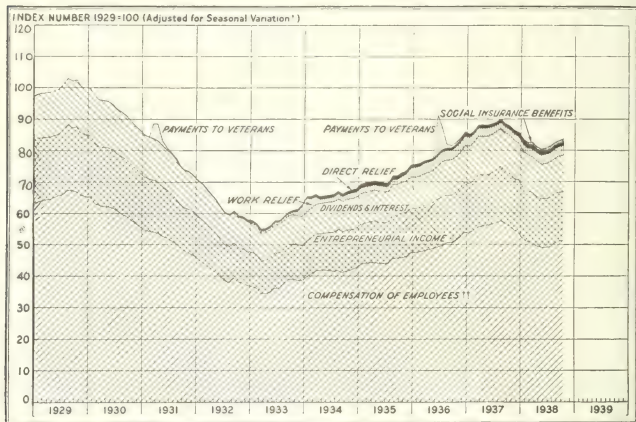


CHART I INDEX OF INCOME PAYMENTS IN THE UNITED STATES, 1929-38

† Work relief, direct relief, social insurance benefits, and payments to veterans not adjusted for seasonal variation.

†† Excluding work relief.

Prepared by: U. S. Department of Commerce, Division of Economic Research, National Income Section.

the Works Progress Administration, the Social Security Board, and other Federal agencies.

The "direct-relief" segment of the chart includes general relief other than work relief; payments to recipients of old-age assistance, aid to dependent children, and aid to the

administrative projects of the FERA, earnings under the emergency education and student-aid programs of the FERA, earnings of enrolled and nonenrolled persons in the Civilian Conservation Corps, relief and nonrelief earnings of persons em-

ployed on projects of the WPA and other Federal agencies under the Federal Works Program, and small amounts of earnings on work projects of State and local relief administrations. The payments for direct and work relief do not include expenses for administrative purposes, for materials, equipments, and supplies, or for certain other expenses incident to the operation of relief programs.

"Social insurance benefits" include unemployment compensation, lump-sum payments under the old-age insurance program of the Social Security Act, and benefits paid to former railroad workers under the provisions of the Railroad Retirement Act. Such payments first became significant in 1938 and will become increasingly important in the future.

Relief accounted for a negligible share of total income in 1929 and 1930 (0.1 percent) and did not exceed 1 percent of the total until 1933, when the proportion was 2.7 percent. In 1934 relief payments comprised 4.3 percent of the total, and in 1935, 4.4 percent. The largest ratio of relief payments to the total was recorded for 1936 when the proportion was 4.8 percent. In 1937 total income continued to rise, and relief declined. Relief payments in that year amounted to 3.8 percent of total income. The relative importance of relief to total national income in each year from 1929 through 1937 is presented graphically in chart II.

Work relief comprised the major portion of relief payments during each year from 1933 through 1937.

In 1936 work-relief pay was about four times as great as direct relief. Work-relief accounted for 3.8 percent of total income during 1936, whereas direct relief comprised only 1 percent. The predominance of work relief lessened somewhat in 1937, but such payments were still more than double those for direct relief.

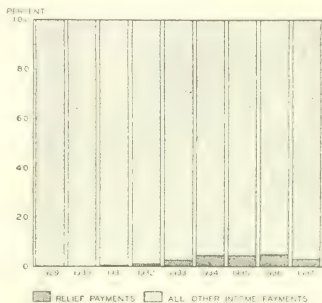


CHART II. RELIEF PAYMENTS AND ALL OTHER INCOME PAYMENTS IN THE UNITED STATES, 1929-1937

Relief payments for 1929 and 1930 too small to be visible.

The index presented in chart I is based on income payments measured in dollars and does not take into consideration the population increase which has occurred since the base year of 1929. Inasmuch as the population increased between 6 and 7 percent from 1929 to 1938, the index will have to rise well above 100 before the 1929 level of income per inhabitant is restored. It should be borne in mind, however, that the

lower prices in effect in recent years tend to offset to some extent the

TABLE 1  
ANNUAL INCOME PAYMENTS AND ANNUAL RELIEF  
PAYMENTS PER INHABITANT IN THE  
UNITED STATES, 1929-37

Year	Total annual income per inhabitant	Total annual relief pay per inhabitant
1929	\$641	1
1930	596	\$1
1931	539	2
1932	397	4
1933	365	1.00
1934	413	18
1935	44	19
1936	502	24
1937	534	21

Based on total population estimated by the U. S. Bureau of the Census as of July 1 of each year except 1929.

1. Less than 50 cents

effect of the population increase since 1929. In table 1 estimated total annual income and annual relief pay

per inhabitant are given for the years 1929 through 1937.

Relief payments increased from less than one-half dollar per inhabitant in 1929 to about \$24 per inhabitant in 1936. In 1937 relief payments per inhabitant amounted to approximately \$21. Total income shrank from \$641 per inhabitant in 1929 to \$365 in 1933. In each year from 1934 through 1937 total income per inhabitant increased materially over the previous year, but by 1937 this average had risen to only \$534, still far below the 1929 level. The ratio of relief payments per inhabitant to total income per inhabitant increased from less than 0.1 percent in 1929 to 4.8 percent in 1936. In 1937 relief pay per inhabitant, including both work relief and direct relief, comprised slightly less than 4 percent of total income per inhabitant.

# Appeal from China

National Library of Peiping  
Kunming, China  
December 28, 1938.

Dear Sir:

Since Japan's military occupation of Peiping, national institutions of learning in that historic city have been unable to function. In view of this situation, we have established an office at Kunming, Yunnan. We have been collecting books and journals in order to meet the intellectual needs of Chinese scholars. As many of our universities and scientific institutions have been destroyed by Japanese militarists, the need of scientific literature felt by Chinese scholars is especially urgent at the present time.

In order to keep our scholars informed as to recent developments in various branches of science, we are building up a special reprint collection which will be of great value to our investigators engaged in scientific research.

Knowing that your institution has made notable contributions to learning and cognizant of your intellectual sympathy for China, we earnestly hope that you will find it possible to ask your members to send us a complete set of their reprints if they are still available for distribution.

As we have to start our work entirely afresh, we are in urgent need of books and periodicals of all kinds, old or new, especially standard works in various fields. Donations of books from American and Canadian authors may be sent to us care of the *International Exchange Service, Smithsonian Institution, Washington, D. C.*, which makes monthly shipments to China. Should your friends be willing to lend a helping hand in the rehabilitation of our collections, will you kindly make the necessary contracts for us?

A great deal of scientific work is being carried on in China in spite of the war. Your members' contributions will render a great service to the present and future generations of intellectual workers in this country.

Thanking you in anticipation for your kind co-operation and assistance,

Yours faithfully,

T. L. YUAN,  
*Acting Director.*

Director,  
Personnel Research Federation, Inc.,  
New York, N. Y.

# Book Reviews

## PLANNING AND ADMINISTRATION OF UNEMPLOYMENT COMPENSATION IN THE UNITED STATES

By Bryce M. Stewart. New York: Industrial Relations Counselors, Inc., 1938, 665 pp.  
Price \$4

This is the fourth volume in a series of studies dealing with unemployment insurance and public employment offices initiated by Industrial Relations Counselors, Inc., in 1933. The first three volumes cover Great Britain, Germany, Canada, France, Sweden and Switzerland. The present study considers the American system of employment service and unemployment compensation from an administrative viewpoint, against a background of the development and provisions of the Social Security and Wagner-Peyser acts. It analyzes in detail the structure of the federal-state system and, taking as a sample five jurisdictions—Wisconsin, New York, New Hampshire, California and the District of Columbia—considers the type and development of the state organizations and procedures.

The study surveys the progress in both the federal and state spheres. It estimates that the federal-state organization will involve administrative costs of \$65-\$70 million a year and a personnel requirement of about 35,000.

While it is recognized that the system has certain merits, a number of serious defects are indicated. The

major criticisms may be summarized as follows:

1. Lack of unified planning and command has resulted in a complicated, disjointed organization without sufficient cohesions, flexibility or morale for so great an enterprise, constantly changing in character.

2. Too little regard has been given to the experience with social insurance abroad and with workmen's compensation and the public employment service in the United States. The difficulties have been underrated.

3. Since the jurisdictions have separate funds, varying rates of unemployment and, in some instances, slight diversification of risk, and have given little attention to actuarial principles, insolvency of some funds is inevitable.

4. Two national supervising agencies, twelve regional supervising agencies and fifty-one administrations in the subsidiary jurisdictions, exclusive of separate employment service agencies in many jurisdictions, are not only unwieldy but absorb an undue proportion of the resources in overhead costs.

5. The necessity of close national supervision over the numerous administrative agencies, since about 95 per cent of their expenditures are

from federal sources, makes it difficult to establish that measure of autonomy for state officials which would permit long-term planning, encourage initiative and enhance morale.

6. Too much has been attempted with inadequate financial and personnel resources.

Several proposals are advanced for a more effective organization. In summary, these proposals look to a more simplified and integrated organization under a unified command, more flexible budget provision, a better actuarial basis, stronger federal control of state action with simultaneously a greater measure of autonomy for state agencies, a greater degree of uniformity in state legislation and administrative procedures, and a federal-state system of unemployment assistance supplementary to unemployment compensation to bolster the funds, provide more adequate protection and through federal grants-in-aid to promote a much

needed standardization in law and practice.

A fundamental recommendation proposes the creation of a technical committee attached to the Social Security Board to safeguard the state funds and to render actuarial service to the state agencies. The study suggests that coverage should be more complete and that new sources of income must be had, and it makes specific suggestions in these directions.

The final conclusion is that no matter how thorough-going any effort to improve the federal-state system may be, it will still prove defective. Because of differences in the unemployment rates of the states, protection cannot be uniform throughout the country, and some funds will become insolvent while others continue to pay benefits. It is asserted that in the end these conditions will make a national system inevitable.

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# PERSONNEL

## Journal

*The Magazine of*

LABOR RELATIONS AND PERSONNEL PRACTICES

Published by PERSONNEL RESEARCH FEDERATION

Volume 17

Number 9

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When Coercion is Applied by Unions,  
as It Often is, Workers Naturally  
Wonder Whether They have Much to  
Gain by Replacing the Autocracy of  
the Employer With That of a Union.

# A Candid Look at Organized Labor

BY LEO WOLMAN,  
Columbia University.

BY AND large, organized labor is traditionally credited with two functions. To the extent that it performs these functions satisfactorily a labor movement is held to confer considerable and tangible benefits upon its members and upon the society in which it operates.

Disregarding the detailed activities of labor unions, their major policies are (1) directed toward democratizing the relations in industry between employers and employees and (2) securing for their members superior economic conditions.

The esteem in which organized labor and its principal tool, collective bargaining, is now held by the general public may be attributed to the belief that unions, when they are recognized by employers, replace strife in industry with an orderly procedure of conference and compromise

and extract economic gains for employees which they would otherwise fail to get.

With so simple and obviously praiseworthy a program, which on its face would appear to commend itself to all sensible persons, how far have American unions in fact succeeded in convincing workers of the value of their aims and methods?

## *Low Membership*

Historically the answer to this question is quite clear. Except for the brief spurt in union membership during and immediately after the World War, the numbers belonging to unions rarely exceeded three millions, and for most of the fifty years from 1880 to 1930 *fewer than one-tenth of the organizable employees were organized.*

Since 1933, of course, this picture has

changed. But in spite of all the favorable circumstances that have assisted union campaigns in these last years—the National Labor Relations Act, the rise in the CIO of a new and extraordinarily vigorous and efficient organizing agency, the guidance and encouragement of friendly national and local political administrations, and finally the conduct of strikes, sit-down and otherwise, with a minimum of interference by local authorities—it is doubtful that, at the peak of union strength in 1937, more than one-fifth of the thirty-five million non-agricultural employees of the country were members of unions.

These figures may in the future be exceeded. But considering the unusual combination of factors that were required to produce these most recent advances in organized labor, it is hardly to be expected that they will shortly repeat themselves, at least with equal effectiveness.

#### *Low Membership Analyzed*

Many students of this problem, however, refuse to accept figures of membership and percentage of organization as satisfactory indexes of the opinion of labor. They attribute the low percentage of unionism among American workmen to the following factors: lack of satisfactory legislation defining the correlative rights of employees and employers; dominance of courts by judges essentially hostile to the aspirations of labor; and the uncontrolled use by employers of devices aimed at preventing their employees from joining unions and at wrecking them once they were set up.

However persuasive this view of our

labor history may be, it cannot wholly account for the indifference to organization that appears to be so characteristic of American labor; and it clearly does not explain the failure of organized labor to unionize four-fifths of the employees of this country even after a radical revision in the law governing trade unions, a complete reversal in the position of the United States Supreme Court, and the creation of an intellectual climate almost universally sympathetic to labor's doctrines and aims.

#### *Effect of New Laws*

In recent years, the machinery set up under our new labor law has to some extent served to test the sentiment and opinion of working men toward unions. This has been accomplished by the method of secret elections held in industry under government auspices.

While these elections have so far covered only a small fraction of the country's total work-force, and their results contain a pro-union bias since they are usually held after prolonged and active organizing campaigns and only at the instance of unions, they are the only available current measure of labor opinion we have, and as such they are interesting and revealing.

The following tabulation of a recent summary of the results of such elections shows the percentage distribution of votes cast for unions, company unions, and against unions in the polls conducted by the three federal labor boards—the National Labor Board, the first National Labor Relations Board, and the second

and present National Labor Relations Board—from 1933 to 1937:

	Percentage of Votes Cast for		
	Unions	Company Unions	No Organization
August, 1933-July, 1934 . . . . .	69.4	28.5	2.1
July, 1934-June, 1935 . . . . .	58.2	29.2	12.6
October, 1935-December, 1937 . . . . .	81.1	13.6	5.3

Under the first board, the vote for company unions and against organization was nearly one-third of the total; under the second it rose to more than 40 per cent. But under the third and last board this proportion was materially reduced although it was still nearly one-fifth of the total. Throughout this period company unions have been discouraged, both because of the severe attack made upon them by the regular unions and because of the attitude taken toward them by the federal labor boards, particularly the present board.

In the latest elections not only have these types of organization had to stand the odium attached to them, but many of them have been disqualified by the National Labor Relations Board and have not appeared on the ballot at all. Such vote as has been recorded for them may be taken, therefore, as a measure of the rock bottom of their strength.

#### *Opposition to Organization*

Another clue to prevailing opinion among employees may be had from the results of elections recently held on the Pennsylvania Railroad under the auspices of the National Mediation Board. On this road there has been a continuous struggle between the A. F. of L. unions

and a company union of shop-craft employees, set up after the shopmen's strike of 1922. After the passage of the Railway Labor Act in 1934, this company union was converted into an independent national organization, the Brotherhood of Railroad Shop Crafts.

In elections recently held among employees of the Pennsylvania for the choice of employee representatives, the A. F. of L. unions were defeated among all the crafts, and the Brotherhood polled 17,000 votes to 11,000 polled by the Railway Employees' Department of the A. F. of L.

This apparently illogical indifference or opposition to organization which still exists among a fair proportion of employees is probably a reaction to the conditions under which plants are unionized and members are recruited. On many occasions, joining a union is not nearly so voluntary an act as it is generally made out to be. A large number of strikes are initiated and carried on by a bare minority of the employees. The rest are somehow driven into line.

It is true, to be sure, that some employers also employ force and violence in the course of industrial disputes. But the common use of the same measures by organized labor is bound to arouse resentment and opposition among potential members and to make the task of creating permanent organization doubly hard.

Such methods, moreover, are frequently employed not alone in the course of strikes, but in the normal conduct of the internal affairs of labor organization when some form of coercion is applied either in the interests of

discipline or for the collection of union dues. When these things happen, as they often do, men in the shops may wonder whether they have much to gain by replacing the autocracy of the employer with that of a union.

### *Economic Gains Questioned*

Estimates of the economic policy of organized labor involve a much more comprehensive analysis of the operation of economic forces than can be made within this brief compass. But the problem can, at least, be stated. It is, first of all, clear, and a matter of record, that the nominal working standards established by unions are, with rare exceptions, superior to the standards generally prevailing under non-union or unorganized conditions.

Thus nominal hours of work are generally lower and rates of wages generally higher in union than in non-union shops or industries. But whether these nominal standards have produced the rising standards of living they are aimed to achieve is very doubtful.

Until quite recently American unions were limited in their membership to a relatively few industries—building, railroads, printing, coal-mining, and clothing. But in these industries they have been, for long periods of time, exceptionally strong and their policies have in the main dominated prevailing labor conditions.

While a great variety of forces have played upon the fortunes of these industries, there is little in their record to support the view that union policy has made substantial contributions either to the stability of employment or to its

aggregate amount; or, indeed, that their employees have on the whole and over the years fared better than their fellows in other industries which have, during the same period, operated without the benefit of similar policies. Whatever may be said about the matter in the course of public debate, it is plain that union policy in the railroad and building industries has been a serious deterrent to healthy business recovery and hence to more satisfactory labor standards.

### *Rising Nominal Standards*

Now that organized labor in this country has widely extended the area of its influence, it is quite generally observed that unions can for the first time proceed, under more favorable circumstances, to make their contribution to raising real earnings and aggregate employment.

Freed, by legislation and by public policy, from the threat and fact of competition by employers paying lower wages and working longer weeks, organized labor may now move to the establishment of higher nominal standards more or less uniform over the length and breadth of the land. Since 1933, a vast amount has been accomplished in this direction. In our most important industries the nominal work-week is shorter and real rates of wages higher and more uniform than ever before.

Meanwhile the essential elements of union policy remain unchanged. As they stand they contemplate the existence of rising nominal standards of work, inflexible as to time and place and insensitive to the multitude of

forces, economic and otherwise, that from time to time determine the level and course of business activity. Insofar as such standards are expected to withstand the vicissitudes of changing economic conditions, they must depend on the restrictive, or monopolistic, measures practiced by business and labor alike.

In many foreign countries unionization of labor and cartellization of industry, with their appropriate policies, have had a longer history. It is hard to see

that labor has profited from the experiment. In this country it is to be feared that the price of this policy is a large and standing army of unemployed, supported by huge and continuing public deficits, and kept out of jobs they otherwise might have had.

*From a symposium on "Youth and Labor" in the March issue of OCCUPATIONS—The Vocational Guidance Magazine. Other papers in the symposium were by William Green, John L. Lewis, John J. Collins and George Batron Cutten.*

Would You Like to Operate under a Plan in which Appointment of Foremen is Subject to Worker Approval, a Joint Committee may Overrule the Board of Directors and the Union President is in the Industrial Relations Department?

# Democracy *in* Industry

*Digest and Retrac,*

By CHARLES S. SLOCOMBE,  
Personnel Research Federation.

IF WE introduced democracy into business and industry what would we have? How would our labor relations policies and practices be different from what they are today?

Perhaps the basis of democracy is that we do not think that anyone knows how best to run the affairs of the nation. So we each put in our two cents worth of suggestions and ideas, directly and through our elected representatives.

Hours and hours are spent informally talking round the stove in country stores, in innumerable organized meetings and debates, and in the deliberations of congress and congressional committees. Tongues wag incessantly.

This process has been going on

ever since the first cave man made fire by rubbing two sticks together, and still we haven't got the answer to the problem of how best to run the country. We do not know when we shall find the answer, if there is any, but we and our children have all eternity to work on it.

## *Status for Mr. Citizen*

Business and industry cannot or has not up till the present been run this way. But we are more and more faced with the fact that Mr. John Q. Citizen wants to contribute his two cents worth of ideas as to how business and industry should be managed. And in so far as he organizes into labor unions for this purpose he comes pretty close to home, and even gets his foot in the door.



We do not know how useful these small ideas of multitudes of people in a democracy are, but they undoubtedly have one tremendous value—they give the contributor status. America is a very large and important country in world affairs, and Mr. Citizen is rightly proud of the fact that he makes even an infinitesimal contribution to its management. He gains Status, with a capital "S".

If we think along these lines, then our problem in business and industry is to find ways of increasing the status of our employees according to democratic principles, without killing our efficiency.

The management of Rowntree's Cocoa Works in York, England has been working on this for twenty years, and a recital of their experiences shows what may happen when management sets out to give employees responsibility for all matters in which they are competent and wish to handle.

We summarize their findings.

#### *What Socialism Might Give*

Management asked "What kind of status would workers expect to have under a socialistic or communistic system, for presumably that is what they have in mind when they think of alternatives to the present system?" To this question they posited four points: Every employed person should work at jobs and under conditions which enable him to make a maximum contribution; business cannot be managed by mass meetings, so there must

be order-givers and order-takers; order-givers should be selected by those best qualified to do so: managerial policy should be devised by those best qualified to do so, financial experts, sales experts, labor experts, etc.

Thinking further along these lines they asked the question "What happens under democracy?" And answered with another four points: the people make their own laws; they have some say in who shall administer them; they are protected by courts against unfair acts of administrators; they have freedom of speech.

Management then set about putting into practice as much democracy as they could.

#### *Making the Laws*

A central and departmental works councils were set up with equal representation of workers and management.

The plant (10,000 employees) is unionized, and the management advertized its policy as follows, "It is desirable in the interests of the company and its employees that the latter shall be suitably organized, and that membership of a trade union is, in the general case, desirable."

There is no closed shop, but worker delegates to the works council are elected by ballot, and a non-unionist would have little chance of election.

The unions did not like the idea of the works council, thinking it might weaken their authority, but consented with the proviso that they

should see the agenda for council meetings ahead of time, and that decisions of the council, to which they might object would not be put into effect till after discussion with them.

All decisions of the council are subject to veto by both the board of directors and the union.

Fifteen years ago a committee of four workers and four management representatives were given the job of going over all factory rules. Their work was then approved by the central council, the unions and management, and all subsequent amendments have been similarly dealt with. (This covers the first democratic principle of workers making their own laws.)

### *Workers Must Approve Foremen*

Management next tackled the problem of the democratic principle in which the people have some say in who shall administer the laws. They thought that workers would not be interested in the higher positions, but only in their immediate supervisors. So they agreed that whenever a supervisor was to be appointed the departmental manager would not make any appointment that was not agreed to by a worker committee.

This practice was later changed so that now foremen are appointed by management subject to the approval of the shop steward concerned.

Management was afraid of this step, thinking that perhaps workers would only approve easy-going popu-

lar men for foremen, so it reserved the right (which has never been exercised) to have the last word if there was no agreement. In actual practice it has been found that workers, most of whom are on piece rates, do not like foremen who do not know how to organize production, or settle disputes, or who let the division get into a slipshod chaotic condition.

(Morris Greenberg of Hart, Shaffner and Marx in his article on their union relations in Chicago (See Personnel Journal, December, 1938) reports a similar condition in which American workers go after foremen who slip up on the job.)

The shop rule covering the appointment of foremen, and incidentally the promotion of foremen to higher supervisory positions reads as follows:

"The manager of the department concerned will consult with the workers through the shop steward before an over-looker (foreman) is appointed, or promoted to a higher grade of the overlooking (supervisory) staff, and in the latter case with a representative of the over-lookers (foremen) from whom it is proposed to make the promotion."

Thus in effect all or almost all present managerial officials have at one time or another been subject to the approval of workers representatives. And in the case of those higher than foremen in rank there has been a double check, because their promotions have not only been subject to worker approval, but also

to approval of other foremen, who are subject to worker approval.

The second democratic principle has thus been carried out.

#### *Administration of Justice*

An appeals committee consisting of two directly elected workers, two management representatives and an impartial chairman appointed by this four deals with grievances. That is any one subjected to disciplinary action for a breach of works rules may appeal to this committee, and their decision is final. It is above the decisions of the board of directors, and appeals from the board's decisions may be taken to the appeals committee, which has been known to overrule the board of directors.

There have been only 33 appeals in 15 years. No worker can go around among his friends inside or outside the plant and complain of injustice, for he is immediately told "If you are not satisfied, why don't you go to the appeals committee?"

The plant makes candy, and one of their problems has been what are called thefts—that is taking packages of candy outside the plant. To deal with this a theft committee of three workers and three management representatives and an impartial chairman was set up. Management relinquished all disciplinary rights in theft cases. All cases of suspected theft are referred by management to the theft committee for investigation and disciplinary action. Decisions of the theft committee may be taken

to the appeals committee, when their justice is in question.

#### *Management's Rights*

Disciplinary action by management for matters not covered by works rules, such as inefficiency, laziness or other fault is not subject to appeal to the appeals committee. Management believes that the question as to whether a worker does his work properly or not must rest with it, and that there should be no appeal against its decision. The rule governing this is:

"Any person feeling that injustice has been done to him in connexion with disciplinary action taken against him under circumstances which do not give him the right to go to the appeals committee, has the right to appeal from the executive officer with regard to whose action he complains, to the executive officer above him, and so on, if necessary right up to the chairman of the board, whose decision shall be final. The chairman will give his decision after consultation with the director of the function concerned, the labor (relations) director, and the trade union representative or the employee making the appeal."

This is the way the third democratic principle is carried out.

#### *President Meets Workers*

In regard to the fourth principle of democracy, freedom of speech, the management has not only adopted the policy of allowing employees to discuss and criticise its policies, but has provided ample means by which they may do so.

This is done first, through the departmental and central works council meetings; second, through collective bargaining about wages and working conditions; third, through a series of meetings in which the chairman of the board, who is apparently equivalent to an American company president discusses matters with employees and their representatives.

Periodically the chairman addresses the central works council on the trade position, competitive factors, sales of different products, etc. Once a year, after the meeting of the shareholders the chairman gives a series of addresses in the plant. He talks to three groups, executive officers, the works council, and to an open meeting of workers.

The first two meetings are held on company time. The last meeting open to all workers is held in the evening. At the end of each meeting full opportunity is given for questions and discussion.

In addition once a year there is held a meeting of all shop stewards. The chairman of the board makes no speech, but attends for the sole purpose of answering questions.

The shop stewards, 45 representing manual workers, 14 representing clerks, and 5 representing mechanical and maintenance men play an important part in management. All matters directly affecting the workers are discussed with them. For example they are consulted if short time or overtime is to be worked. In cases of temporary or permanent

layoff, management submits to the shop steward for his approval the names of those to be laid off.

### *Union Chairman in Labor Relations Department*

Because of the importance management attaches to the shop stewards it took the most unusual step in 1920 of offering the chairman of the local branch of the national union, who was working in a production department, a position in the labor relations department, as chief shop steward.

Of course there was considerable doubt about this move when it was made, but it was discussed with the union and the central works council, and definitely understood that his job was to accurately reflect the opinions of workers in all matters.

The scheme seems to have been successful, for the man appointed eighteen years ago, has never failed to be elected every year since to his union position as chairman of the local branch of the union.

Apart from a general representation of workers views, in cases of discharge and discipline, etc. his main job is to help in settling grievance cases which shop stewards through the plant cannot settle.

### *Wage Agreements*

Wages in the industry are governed by a trade board which like the industry boards being set up in America under the wages and hours act, sets minimum wages. But some of the larger companies in the cocoa

industry in England formed an Interim Industrial Reconstruction Committee, of employers and unions, and agreed to pay higher wages than the minimum set by the trade board, and to give other concessions, such as vacations with pay, etc.

Part of the agreement with the unions on this committee is that unions shall not approach individual employers on the committee for extra concessions or higher wages. The board and the committee only set minima for wages.

So that in the plant there are problems of piece rates, and rating of jobs above the minimum, etc. These are handled by the wages section of the labor relations department.

#### *Time Study Control*

In 1922 the company sought and obtained from the union permission to introduce time study, so that all jobs in the plant have been so studied. When a job is to be studied, management picks the workers to be studied, and notifies the shop steward whose approval of the men must be obtained. When the rate has been agreed upon, the departmental manager, the shop steward and the time study assistant all sign it.

The works rule covering wages is as follows:

"Existing rates (standard of output) will not be altered unless it is agreed with the workers' representatives that a change affecting the rate of output attainable for the same effort has taken place in—

- (1) Machine or other equipment.
- (2) Material used.
- (3) Process or method of manufacture, or
- (4) Other conditions.

Wherever it is agreed that a mistake has been made in the setting of a rate, correction will be made without delay.

Subject to what has been said above, the company guarantee that the standard output required to earn standard piece or bonus money will remain unaltered except as provided above, and that standard outputs on new jobs (including all existing jobs for which the final rate has not yet been set) will be similarly guaranteed when sufficient time and practice have been allowed for attaining normal skill on the job."

#### *Democratic Profit Sharing*

After much study and considerable doubt, in 1923 the company adopted a profit sharing plan. This does not seem to have been of tremendous importance, because owing to the long depression in England it has made only two distributions since it was set up.

It is important however because of the democratic principles followed. When the scheme was to be set up, a committee consisting of one representative elected by the departmental superintendents, one elected by the foremen, and three by workers on the works council, and five men nominated by management were given the responsibility of designing it.

Their recommendations were then

subjected to the approval of the works council, after that to the approval of the board of directors of the company, and finally to the two trade unions involved.

The plan is administered by a nine man committee, eight elected by the works council, and one by the supervisory groups. This committee has the right to appoint an employee's accountant to go over the figures prepared by the company's auditors. Arbitration in case of dispute is also provided for.

An interesting provision, again following the democratic principle, is that in general profits for the purposes of the scheme are defined as the same as those for Income Tax proposes.

#### *Jobless Insurance Plan*

Workers need, not only status and fair wages but also, security. The management of the company has tried to deal with this problem also.

They set up a company unemployment insurance scheme to supplement the government scheme, and the trade union scheme, so that in general a worker would get at least fifty percent of his normal pay, plus additional allowances for dependents.

To satisfy the union, which like other English unions, holds its members partly by means of a union unemployment insurance plan, it was agreed that a worker could not benefit from the company scheme unless he contributed to the union plan.

To finance the scheme the company

agreed to make annual contributions of one percent of payroll to build up a reserve. It does not guarantee that benefits will be paid out of the fund so accumulated. Workers make no contribution to the fund.

By a curious piece of logic, though the company puts up all the money for the scheme, it is administered by an elected committee of workers, on which the management has no representation. The company thought that this would be the best way to protect it against attempts to take unfair advantage of it.

#### *Other Novel Schemes*

The company tried various schemes to deal with insecurity due to unemployment. In 1924 it improved factory methods and had to lay off workers. Instead of carrying all the men on the unemployment fund over periods of weeks, some men who desired it were given lump sum payments out of the fund to provide them with capital to set up their own little businesses.

Another scheme was to offer other employers \$8 a week for a year, if they would hire company employees laid off, at not less than \$11 a week in jobs with a reasonable prospect of permanency. It was provided in this scheme that the new employer would not lay off his own men to do so. This was paid for out of the unemployment fund.

Less successful in another layoff in 1929, were schemes by which the company attracted to, and helped finance, new small industries in the

community to employ its surplus workers. It was found that the laid off employees did not fit well into these new industries.

The company also has sickness insurance fund, administered by five trustees of whom two are workers; a contributory pension fund administered by seven trustees, three of whom are elected by employees; a widows pension scheme; and a death benefit plan administered by a committee of workers trustees, the secretary of the pension fund and two men from the labor relations department.

*Keynote: Worker Responsibility*

These are the main points of the story of how a company has tried to give employees wages, security and status, equal to or better than they could expect to get under socialistic or communistic regime.

The most important feature of the whole business is worker (and even foreman) participation in decisions directly affecting them, and in which they therefore have competence in judgment. Apparently, it would seem from this experiment carried on over twenty years, workers have a much higher competence and sense

of responsibility than we give them credit for. It is further apparent that when they have a share in making decisions about matters directly affecting them, they have no desire to interfere with executive and administrative problems which are strictly the function of management, and which affect the workers only remotely.

Those interested in studying this experiment in greater detail are advised to read "The Human Factor in Business," by B. Seebohm Rowntree. Published in 1938, by Longmans, Green and Co., New York. Price \$1.75.

The book is strongly recommended to all personnel men and industrial relations directors, for it is written in a simple straight forward manner, with a total absence of paternalism or Sunday school sentimentality. It will give many pointers on how to handle daily problems, even if a company has no desire to go as far as the English company did.

For those companies desiring to move in the same direction, it is a useful guide in avoiding the pitfalls of hasty action in exploring what is unquestionably very dangerous ground.

New York, New Jersey and Connecticut, comprising the Second NLRB Region, are Heavily Industrialized States in which Labor Unions are Less a Novelty than They are in Some Other Parts of the Country.

# A Regional Labor Board's Job

*Extracts from Report*

By ELINORE M. HERRICK,

National Labor Relations Board, New York.

WE HAVE now reached the point at which our major tasks are: (a) to improve our administrative technique, (b) to interpret the law and (c) to win support for its basic principles.

We have moved to the constructive position of interpreting the statute, of educating employers as to their responsibilities under the act and of educating labor unions as to the responsibilities and limitations their very protection by the law implies. Employers have learned that they cannot be said to bargain in good faith if the answer to every proposal is a flat "No." Unions have learned that they cannot slap a contract down on the desk and say: "Sign there or else we'll throw a picket line around the plant."

The employer has a right to have

the union's claim to represent a majority proved and has a right to a reasonable time for consideration of the union demands. The unions have a right to expect that collective bargaining in good faith will ensue and will result in some orderly procedure for determining working conditions.

## *Taking the Sting Out*

The board's approach to its problems has a very direct relationship to our success in securing prompt adjustments where required and in laying the foundation for future peaceful industrial relationships. When we have our first conference on a new case we ask the interested parties: "What is the dispute? What caused it?"



We do not approach the conference initially from the standpoint of "Has the law been violated?" If the law has been broken we'll find it out soon enough. No one enjoys the rôle of the accused.

The discussion on the cause of the dispute helps establish understanding of the law and lays the foundation for a more harmonious relationship in the plant. This informal atmosphere of discussion on neutral territory which is part of the initial process of sifting the charges which have been filed is also part of the vital educational process contributing to successful administration of the National Labor Relations Act.

If these efforts at adjustment fail we must then determine beyond any reasonable doubt that a violation of law has been committed which required the application of the full formal procedure of the act.

#### *Employer Gets to Know*

Because more employers have begun to recognize, especially in the large plants, that they cannot know all that their subordinates do, we are finding, as pointed out above, that settlements can be worked out during hearings with increasing frequency.

A Labor Board hearing is often the only time the employers really see what has been done in violation of their own orders. Under these circumstances they are generally more willing to make restitution for any wrong done the employees.

More than one employer has said during the hearing:

"I didn't know that my foremen (or superintendents) were doing these things."

Another employer stated that he felt the board's hearing procedure often gave management its only chance to find out that subordinates were violating the express commands of the top management to abide by the law.

#### *Quick Work*

In analyzing the work of the Second Region a comparison of our experience with that of the rest of the country is pertinent. There is a relatively quicker disposition of cases here as indicated by the 91.2 per cent closed as against 76.2 per cent closed by all the other regions. The compactness of this geographical area is an influential factor. There are no long distances to travel. A large number of companies have their main offices in the country's greatest business center, New York City.

Similarly the unions involved find the NLRB offices here readily accessible. Consequently it is possible for us, in the majority of cases, to get both parties to the dispute together informally within three or four days after a charge has been filed and before resentment, charge and counter-charge have erected barriers which make amicable adjustment of differences extremely difficult to secure.

#### *\$-50,000 Saved*

Among important plant elections in which swift action by the board

averted serious loss to the employer and a possibly threatening public situation, one occurred in New Jersey.

One thousand, four hundred and forty-three workers of an internationally known company had taken possession of the entire plant, even barring the executives from the premises. Seven hundred and fifty thousand dollars worth of ore was hot in the furnaces. If the sit-down were prolonged this metal would cool and have to be chipped out bit by bit, preventing resumption of production for many weeks. Decisive action was needed.

Our first demand was for evacuation of the plant. Immediately thereafter we arranged an election to determine the collective bargaining agency, for the sit-down had been precipitated to force collective bargaining and representation was in question. Within twenty-six consecutive hours the plant had been evacuated, the election held, and the men were back at work. A \$750,000 loss to the company was saved and the possibility of bloodshed avoided.

In the regular routine, elections by consent of all parties are of increasing frequency, indicating a fundamental change in the attitude of employers, who now say: "I'll bargain—but with whom? It's up to the Labor Board to tell me!" It is this type of election which comprises the bulk of the 393 we have conducted.

In many situations an employer confronted with the demands of

rival unions has sought our help and received it. In practice we find it entirely practical to get one of the two organizations to file a petition which gives us the formal entrance into the situation which is required under our rules and regulations and thus to meet the employer's appeal for help.

Increasingly, too, employers are telling the unions when approached that they will have to go to the Labor Board first and upon assurance by the government that they represent a majority, collective bargaining will be undertaken promptly.

#### *Cases Count for Employers*

So much emphasis has been laid by critics of the board on the fact that a high proportion of the formal decisions and orders of the board sustain the workers and the unions that an analysis of the cases in which disposition is made before a hearing is timely and illuminating.

A large group of cases has been closed either by withdrawal of the charge or by dismissal by the regional director. Six hundred and forty-eight cases have been dismissed outright, or 21.2 per cent in the Second Region, as compared with 14.2 per cent elsewhere in the country.

Of the 648 cases thus dismissed during the informal stages because no violation of law has been found or because the merits were too questionable to warrant a hearing or because of insufficient interstate commerce, and from which dismissal an appeal may be carried to the National

Labor Relations Board, this region has been reversed by the board in only five cases, three involving solely the question of our legal jurisdiction and two involving the merits of the case.

Five hundred and thirty-three cases have been withdrawn by the complainants, amounting to 17.4 per cent of the cases closed in this region, as against 28.0 per cent in the rest of the country.

#### *Unions Prefer Dismissals*

We experience more difficulty here in securing the withdrawal of cases in which evidence of merit is lacking than do regional offices elsewhere largely because there is such a strong rank-and-file element in the local labor movement.

Union officials often feel that a dismissal gives them a protection from criticism from their membership which a withdrawal exposes them to. We do not object to this, for a dismissal is a clean cut way of disposing of charges of doubtful or no merit.

It should be pointed out that the percentage of the total cases dismissed and withdrawn throughout the country is about the same as the percentage of the two groups combined in this region, although the distribution varies and a higher proportion are dismissed than withdrawn in New York.

Those dismissed cases, which should properly be counted as decisions in favor of employers, are

too often overlooked by those who criticize the administration of the act as being partial to labor.

#### *Proper Use of Labor Contract*

In the cases now being brought to the board we find an increasing number in which we must point out to the unions the necessity of exhausting all their other remedies before filing charges with the National Labor Relations Board. The board has held that violation of a contract may not be considered a violation of the act.

Many of these cases arise in shops where a union contract providing machinery for grievance adjustment exists but in which a union shop chairman or other officer may have been discharged allegedly for too great militancy in pressing the claims of the unions.

Often the management will balk at submitting the grievance to arbitration, claiming that to do so impairs its proper disciplinary power. Sometimes the union will reject that proposal or refuse to invoke the machinery of the contract.

But our job in this type of case is to show both parties how to get the fullest benefits from their contractual relationship, thus effectuating one of the prime purposes of the National Labor Relations Act, to "encourage practices fundamental to the friendly adjustment of industrial disputes arising out of differences as to wages, hours or other working conditions."

Youth in its Crest of Physical Vigor Carries  
Buoyancy and Optimism, is Quicker and  
More Willing to Adapt, and its Dignity is not  
so Easily Ruffled. The Older Woman Must  
Show that Other Values are Also Important.

## Job Problems of Older Women

ANONYMOUS

I AM forty-four. For years I held a position as secretary to a business woman. Then, unexpectedly I made a late marriage. Two years later my husband developed incurable heart trouble. I must go back to work.

Since I had a long and satisfactory record as secretary, I looked for an office position. That was six months ago. As I filled in the first application card, I surveyed my situation and found it not bad: good health, a high school graduate, had worked for almost twenty years of my life and the last twelve, before my marriage, in the same position.

I am used to responsibility and have dealt frequently with unexpected and critical situations in satisfactory ways. I know too as simple

fact that I am honest to a fault and have protected my employer's interests as strictly according to the spirit as the letter of the law. Though I am not among the fastest in typing and shorthand, I also do not fill my employer's waste basket—as I have seen high speed young typists do. I *have* assets, I told myself confidently, crushing down a small, insistent voice that reminded me I was also "over forty."

### *Looks for Job*

For my own morale as much as for the impression on agency and possible employer, I had gone first for a haircut, a wave, a manicure, and a shoeshine. Then I brushed hat and coat, presentable though not from the best shops, tacked a frill

in my freshly pressed blue serge, and added as final touch, though with more difficulty, what I had heard was a great desideratum: a serene and confident expression.

I decided to go first to the employment bureau of a national women's organization. Would not this be the logical place for me to find a little advice, even encouragement to meet my problem in the most intelligent way, to find how much my age stood against me, how best my assets could be utilized, through these people who knew the employment field, on the one hand, and on the other held, again presumably, a Christian attitude of helpfulness towards their members? Perhaps they would even suggest another line of work. Secretly I hoped I might even qualify to run a small shop, such as an antique store, where my training in art could be used as well as executive ability that longed for fuller scope.

*Receives Brisk Courtesy*

"Fill out this card," the woman at the desk said. Well, all right, though it took the edge off my eagerness. Carefully I set down the factual history of my business life, then went back to the desk. I handed over the card and started to speak. "That's all," the woman cut me short. "You will be notified if anything turns up." The worn cliché snapped like the click of a door shut quick behind me. I had been another "over forty" at a glance, and neither hope nor interest

nor even casual sympathy for what I slowly learned I was up against, was offered me.

"Forget it!" I told myself. "You know you've done good work and can do it again. Go to a business agency that will have an eye on its fee. Buy interest and help." Even without looking I remembered addresses on the newspaper clippings in my bag, and scuttled down a subway entrance.

*Restrains Hysteria*

At Chambers Street I left the subway and was glad of a short walk in sunny morning air to Park Row. I pushed the revolving door of a massive, old-fashioned building, swung round a fat pillar that rudely blocked free entry and made no concession to architectural appearance. "Nice to be so immune to any need for pleasing people," I joked with myself to hold back a ripple of hysteria.

At the end of an oblique hallway an untidy cluster of men and girls, girls twenty, twenty-five years younger than I, were slouched against the walls. They were talking but fell silent as I came up, and a couple of the girls swept me with that quick, shrewd, and merciless appraisal that I was to meet over and over again.

"Are you waiting?" I asked a little breathlessly. It was like the dream every one has at some time of standing stripped in public.

"No, go on in," one of them offered after just a fraction of si-

lence. A certain rough and tolerant sympathy had spoken, but "Too old" had hit me hard and quick from that girl's eyes. She knew my kind.

"Female Help" stared baldly at me on one side, "Male Help," on the other. I pushed in.

I pushed into the hum of a large, crowded room—an orderly hum with folks brisk and busy. That is, all except an unnaturally quiet row next a rail. Beyond spread half a dozen desks and girls typing, filing, carrying papers. I looked ahead. The receptionist beckoned.

#### *Round the Fat Column*

"What type of position?" I clutched both the edge of the desk and that serene confidence that I had read was so important. Firming my voice I spoke up. "I have been a secretary but—" "Fill in this card please." I filled it in. Back again. "I had thought—" She heard me for a moment. Then again briskly and impersonally, "We will notify you if anything turns up." And she turned to the girl behind me.

Out, past the slouching figures, past the girl who knew my kind, round the fat column, a half circle arc through the revolving door, on out to fresh air, sun and sky.

Three flights up, a hallway, another "Female Help," on the glass. Again I was before a receptionist. But it was just the same. And as I went on that morning, to the next, the next and the next, I kept on not from hope but only that no

possible reproach for an opportunity missed might visit me in the bad hours that began to come at night.

A kind of primitive impulse to seek and huddle up with my own kind now grew in me. I began to look about me in the waiting rooms of agencies and to pick out other "over forties." I began to talk with friends who particularly came in contact with older women, to watch, to read, to inquire. What were they like? Why were they out of work so often? Why were they—and I—so definitely not wanted that at times we were scarcely allowed even to register? Were women over forty ever employed, ever successful, ever wanted, I inquired desperately? Yes, not often, but here and there.

#### *Gets a Job*

Suddenly the incredible happened. I was offered work. It was the miracle that never takes place, the position thousands dream of and never find; but it happened to me. An old friend needed a secretary-companion, offered adequate pay, and as much security as most of us are ever likely to know. I took the job.

For weeks I worked in a kind of fog, actually fearful of a shattering shock following the sudden release of tension. I needed time before I dared to realize that I was again employed, that a pay envelope lay waiting for me at the golden end of every week, that again I earned my way, that once more I had a place among my kind. But mental convalescence progressed, and I deter-

mined to look this thing in the face, to prove myself brave enough to throw aside the sense of injury that I, a good worker, had not been wanted, to face the answer why employers refused us "over-forties" as a class—and yet why a few older women were definitely successful and held responsible positions.

I felt it was not all sex that accounted for the preference given younger girls. Surely the tempo of business life, the push of work to be done, does not leave the average employer leeway to pick his workers for sex allure. Here and there, maybe. But I could not believe that only deficiency in glamour had thrown us over-forties out of work.

What had? First, two reasons beyond our control: we increase insurance rates and we are expensive for pension systems. Two Greeks bearing gifts in a modern age. But even they do not fully account for our loss of value.

#### *Analyzes Past Difficulties*

Primarily we ourselves are at fault. Our times, our civilization may bear some share of blame, but individually we can do little about them. We can, however, face the fact that middle age shows us up at last for the kind of person that we are, the kind of life that we have led. And most of us have slumped. Most of us have foregone alertness for the lesser effort of routine. Most of us have let sensitivity to experience with its constant demand for readjusting val-

ues, attitudes, and modes of thought, slip past us for cautious, settled ways.

Most of us have allowed obtruding quirks of character and mannerisms to jut out, have let an irritability, a "touchiness," a spitefulness towards other humans rise like an evil vapor from the marsh of our defeat and bitterness. And defeat and bitterness are, I concluded painfully, as I strove to see these facts dispassionately, characteristic of many of us older women who must seek employment, for our fate has been on the whole, I suppose, somewhat harder than that of the average woman.

When the years have brought, as they bring surely to every one the realization that there is no Santa Claus, that rewards go as often to the unjust as the just, most of us fail to build up at the same time a durable philosophy that can bear the impact of these facts, and have settled into lip service to a creed and into bitterness and disappointment at heart.

Look at us in any employment office. How do we walk? Drooping without spring. How do we stand? Listless, "discouraged." How do we speak? Usually with thin, toneless articulation lacking force and buoyancy. Our expression? Over and over again one reads the closed and soured mind, the chip-on-the-shoulder look, the unmistakable message, "You can't speak that way to me!" that betrays inner defeat. What a thesis on our



civilization can be read on the faces of older women.

*Compares With Years Ago*

Not that these facts are new. I for one believe that the older generations of women made as much of a failure as we do—and we as much of a success as they. Those women were merely lucky in that they did not confront the same economic problem and were not “shown up” as we are. In earlier generations those who had somehow slipped up on the economic security provided by a man, either found work in which age did not count heavily against them in those far less competitive days, or, as happened usually, were absorbed into the larger households of that time.

Houses were roomy, food was cheap, and privacy not so cherished as now. Hardly a home was without its daughter who never married, its maiden aunt, or its “Cousin Olita” that we enjoy—at a distance—in Tarkington’s stories. These women were not forced to pass before appraisers and openly, mercilessly be assigned to the discard.

Are the young ones better, these youngsters of here and now, with little or no experience, with little readiness for responsibility, these girls who usually regard the job as a stop-gap until they can find the right man? I believe it is true that we older ones are not credited sufficiently for our experience, particularly if we are accustomed to use initiative and resourcefulness; I believe that we

usually do feel more responsibility for property and interests, and that we usually are ready to regard a job as more permanent and thus cause less expensive turnover than the girl who hopes for marriage—and usually steps out when she gets it.

But let us not rationalize this failure of ours to hold a place in business, this cry that the other fellow, i.e., the employer, is to blame. Employers, if they are to maintain their business and remain employers, must choose employees not by humanitarian standards of who most needs work, but by empirical results of who gives best service. It is the modern version of jungle law. Youth from its own crest of physical vigor carries buoyancy and optimism, and, most of all, it is quicker and more willing to adapt and change its ways. Its dignity is not so easily ruffled, its feelings not so “sensitive.” Whatever the other pros and cons, buoyancy, optimism, adaptability, and a minimum of hurt feelings tip the scales in favor of youth when measured in terms of work and influence on fellow workers.

*Job Specifications Poor*

One criticism of employers, however, can be made with justice, and the criticism follows through with agencies as well. One employment agency wrote back when questioned whether they could use carefully worked out individual reports on prospects sent them by a guidance service, that these reports would not be of much use to them until



employers showed more interest in fitting individuals to jobs. The overwhelming majority of calls for workers come to an agency in brief, rigid terms: age limit, minimum skills, and pay specified, nothing else.

Perhaps the time will come when employers will find it pays to make a more careful appraisal of a job and its requirements, and then fit together worker and job with more care. If the age limit were less rigid and the requirements more specific, I believe many an older woman would find work open to her.

Does maturity ever successfully compete with youth? Of course it does but with other values. An older woman who has weathered shocks and disappointments and "come through," radiates a sense of confidence, of comfort, of tact and understanding that plays its part even in the business world. The question of how much she can make specialized training and experience count, depends on many factors, but even the average woman's experience can count.

#### *Job Made at 68*

I have in mind, for instance, a woman of sixty-eight in the small suburb where I now live. She was suddenly left without resources. We have plenty of unemployed in this town, yet within two years this woman nearly seventy has built up a steady, comfortable living while young girls remained unemployed. How did she do it? She was alert

enough to recognize a community need, and then to fill it and fill it *well*.

She stays with children while mothers are out or sick or away on vacation. Many women find occasional employment this way, but this woman has made it a point to *get along* with both children and servants. She can prepare wholesome meals in a servantless house (for extra pay). If Johnny develops a cough at bedtime, she knows what to do. She draws on inexhaustible stories for the youngsters. She "fits in." Mothers have tried high school girls and other older women, but now plan dates two weeks ahead in order to secure this one woman. Experience well digested, in bringing up her own children and running her own household, is paying her in cash today.

On the other hand the head of an agency to which many former governesses have applied for help in recent years told me her chief trouble. The girls refuse to face the facts, she said. Salaries have gone down and fewer people keep governesses anyway since the depression. Still the girls will not admit that they must take a lower salary or—better—fit themselves for another line of work. They have hollowed out their own little niche and refuse to budge. Many of us show this fault.

If the years have brought little enrichment and continued value from the business point of view to the run-of-the-mill among us, protracted unemployment closes the vicious circle and makes us far less employable

than before. Our little store of confidence is blasted to a heap of rubble by repeated encounters with agencies. Like the red letter of Hester Prynne, "Not Wanted" brands us for all to see.

### *Work Adjustment Hard*

Many of us have known hours so harried, so desperate, that if the miracle occurs and we find a job, we are apt to lose it at once since we find it all but intolerably hard suddenly to concentrate, to work steadily, efficiently through hour after hour, equally hard to accept orders and to take responsibility. So many of us are forced to prolonged dependence on some person or some agency that it is hardly a matter for wonder if in the end we accept and continue both a defeatist attitude and that of the old child-to-parent dependence. Instead of parents we make our own substitution of the government, social agency, personal social worker, or even unfortunate friend. Ironically we suffer from a sort of "occupational neurosis" through the non-occupation of unemployment.

Can nothing be done for the per-

sonality problems of older women? A great deal can be done as was shown particularly by the work of the Adjustment Service, an experiment in just this sort of salvage for both men and women, that the American Association for Adult Education through a grant from the Carnegie Foundation carried on successfully for over a year (1933-1934) as its records show.

Aside from those cases where only up-to-date information was needed to point out a less crowded field, or cases where special training courses fitted individuals for new work, definite results were obtained in straightening out kinks and difficulties in personality that had long prevented individuals from securing work—or holding it. Frequently the staff itself was surprised to find how little and therefore inexpensive a service was required. "The psychiatrists reported that they were surprised to discover the effectiveness of a single interview in clearing up acute worries and unfortunate habits of living, such as those that might have arisen from overdependence and fixations on parents."

Governmental Bureaus and Agencies are Going in for Personnel Work in a Big Way. They are Now Concentrating Heavily on Hiring Methods and One Burning Question is How to Hire the Best Men to Do the Best Hiring.

# Merit System Administrators

BY MILTON M. MANDELL,  
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WHILE the sound and fury of the campaign in government circles for and against the extension of merit systems waxes hot, there has also been some discussion of the qualifications of the heads of the personnel agencies which will be created to administer the systems. There has been no discussion, however, of proper qualifications of those who will do the work of test construction, administration, and analysis. This need is particularly acute because of the rapid spread in the number of civil service agencies.

## *Eight Jobs to Be Done*

In those agencies which have a technical staff of about five or more, the duties can be divided in the following way, although one staff mem-

ber may be assigned to more than one duty:

1. Preparation of age, education, and experience requirements for positions, rating of application blanks, and preparation of methods for attracting qualified candidates;
2. Adaptation of standardized tests for measuring aptitude, achievement, and intelligence which are developed by university, psychological, and other research agencies for recruitment and related purposes;
3. Construction and grading of tests for those positions for which no standardized tests are available or suitable, or for use in conjunction with such tests;
4. Administration of performance tests for appropriate positions, such as occur in trades and labor, and clerical groups;

5. Administration of oral tests;
6. Statistical analysis and evaluation of test results.

### *Setting Minimum Qualifications*

The preparation of minimum qualifications for positions in terms of age, sex, education, training, experience, and performance, involves wide knowledge on the part of examiners in the fundamentals of personnel recruiting. It includes knowledge of the labor market for the particular occupation, of the salaries offered in the field of private industry and competing governmental agencies for various levels of competency, qualities necessary for successful performance based on actual job analysis, analysis of supervisor's reports on the performance of employees, knowledge of the curricula of educational institutions which may prepare for the particular occupation.

Successful performance of these duties involves experience and continued study while employed as an examiner. It means the maintenance of adequate performance records and continuous correspondence to keep informed of the latest developments. It also requires that attention be paid to public opinion, not for the purpose of lowering standards, but to insure that the minimum qualifications prescribed are logical for the position. It means recognition of the problem, "Shall there be low minimum qualifications or a lack of them; shall written and oral tests be used to insure adequate qualifications among those who attain positions on the eligible

lists, shall there be high minimum qualifications so that the personnel agency need not be hampered by having to consider applications from those, who, even if permitted to participate in the written tests, will eventually be eliminated.

As a preliminary requirement for the position of personnel examiner, the civil service body cannot require experience in such activities since that would limit the number of applicants too greatly. Every effort should be made after appointment to make certain that adequate training is provided in this respect.

### *Test Knowledge*

The use of standardized tests in selection involves knowledge of the material available, and the statistical results in terms of reliability and validity which have been obtained in previous use. It requires knowledge of the types of positions for which such tests are appropriate and the inter-correlations of these tests. At present, with so many tests being constructed, a person assigned to these duties must devote a great deal of his time in studying current developments.

The appropriate background for someone performing these functions should lie in the combined fields of education and psychology since almost all the work in the development of standardized tests has been done by those engaged in these studies. In any agency which sets high standards for itself, a master's degree should be a minimum requirement, and a doc-

torate should be preferred, for the examiner selected for such position.

The literature available is so extensive, and the theoretical disputes so involved, it is an absolute necessity for anyone doing this work to be thoroughly familiar with the history and development of psychological and educational testing. Much of the time of the examiner assigned to this work would be devoted to the construction of new tests since the old tests could not be used more than once or twice without giving an advantage to "crammers." It is discouraging to note the similarities among the tests of various civil service bodies. This condition can be improved by the special assignment of an examiner to the duties mentioned here.

### *Job Tests*

It is frequently necessary to supplement or substitute for standardized tests other types of written test material. An example of this is the use by the Detroit Civil Service Commission of the Army Alpha test for firemen, plus some short-answer questions relating to the specific duties of the position. There are, also, a great number of positions for which no standardized tests are available. The numerous positions in the Inspection service of municipal governments still require that individual tests should be set up for selection. Public Health Nurse, Psychiatrist, Inspector of Plumbing, Law Clerk, Structural Steel Draftsman, Mechanical Engineer and

a host of other positions, offer problems in test construction.

It is obviously impossible for a personnel agency to have on its staff representatives of the many types of positions for which tests are necessary. A number of methods for handling this problem has been developed:

### *Aid of Supervisors*

(a) A frequently used system has been to get the aid of supervisors and professional employees in the public service to help in test construction and rating under control of the personnel agency. This method has the advantage of obtaining the cooperation of the operating officials and makes reasonably certain that questions asked will be related to the duties of the position.

However, there are so many serious disadvantages to the system that its use on a wide scale would be undesirable. The most serious defect in the plan is that the secrecy of the examination process is seriously impaired. With all the care taken to see that copies of questions, when duplicated, are accounted for, and to see that no cheating occurs in examinations, it seems inadvisable to permit someone outside the personnel agency to know the contents of a written test to be given.

There is also the possibility that the questions will be framed with the idea of selection of a particular individual or group of individuals. This danger would of course be especially

serious when the method was used for promotion examinations.

The undesirability of this method has been stressed since it is now being frequently used because it is the "easiest way out" for understaffed and overworked personnel agencies.

Operating officials should occupy a definite part in the construction of examinations and in the establishment of requirements. They should advise before the examination and they should be listened to with recognition of the value of the expert help they frequently render; they should be asked after the examination has been completed to criticize it and the results obtained in terms of the quality and efficiency of those eligibles who are appointed.

#### *Where Experience Paramount*

(b) Another method which has been used to meet the problem of occupational specialization is to depend on a generalized written test which the permanent members of the recruiting staff can prepare but with the major weight of the examination put on the training and experience qualifications of the applicants. In such cases, the written test is used as a rough sifter and chief reliance is put on the quantity of experience and education offered. The use of this device insures a minimum level of competency in recruits but is poor procedure from any more rigid viewpoint. It is, primarily, a quantitative measure, and the final ranking has little relationship to the respective abilities of the candidates. To a

small recruiting staff facing many examining problems it has many advantages; from the viewpoint of the selection of the ablest, it eliminates the mediocre and selects the average rather than the best.

#### *Use of Outside Specialists*

(c) Another method of meeting this problem has been to use a staff of examiners with general training to take charge of the preparation of tests but aided by special experts hired from private life. These experts come from universities, hospital staffs, large engineering firms, private welfare agencies, and similar organizations. Sometimes of course, this method is used in conjunction with the first one named, where specialists inside the public service are also used.

This combination has been employed by the United States Civil Service Commission recently as the following quotation indicates.

"The development of the actuarial mathematician examination illustrates a practice, which the Commission has found increasingly useful, of obtaining the advice of consulting specialists, both in and out of the service, in connection with the preparation and rating of examinations for highly technical and specialized positions. For the actuarial mathematician examination, actuaries of national repute were consulted. During the year the Commission utilized the temporary services of such men as Professor James E. Pollard, School of Journalism, Ohio State University; Dr. Jerome G. Kerwin, professor of political science at Chicago

University; Dr. Ernest S. Griffith, dean of the Graduate School, American University; Percy A. Robert, instructor in sociology at Catholic University; Dr. Lewis Meriam, of Brookings Institute; Frederick F. Stephens, secretary-treasurer of the American Statistical Association; and many others."

The professional standing of these outside consultants is such that their conduct is unquestionable. They are usually hired on a per diem basis. They may give advice in setting the requirements, help prepare the questions for the written test aided by a staff member who will render advice on methods in test construction, rate the answer papers, and sit on interview boards in oral tests. Frequently, in large governmental jurisdictions, more than one expert may be called in to help prepare for an important examination.

#### *Where Suitably Used*

If precautions in selection of experts are taken, the following advantages will accrue: (1) It will be possible to obtain qualitative ratings of applicants' experience and education records; (2) It will insure that the test items are up to date and the answers expected in line with the best current practice; (3) It insures secrecy to the fullest extent that any method can which involves the aid of those who are not permanent members of the personnel staff; (4) It will interest those engaged in private life in problems of the public service.

Griffenhagen and Associates, in a recent report, recommend the use of outside experts only for consultation so that the standards of the personnel agency can be kept uniform, and also in recognition of the specialized character of test construction. They say:

"It is too often assumed that persons most familiar with a subject or field are more competent than any other persons, without guidance or aid, to find out what others know or can do in that subject or field. Examining work is therefore commonly 'farmed out' among boards of examiners, composed of practitioners of the professions, or of persons presumed otherwise to be familiar with the subject matter, of the different kinds of tests to be applied.

"This practice ignores the specialized, technical character of the testing process itself. A person familiar with a field of subject matter is not at all likely to be familiar also with the techniques of test construction and the tried and proved methods of finding out what others know in the same field. A skilled personnel specialist, by means of consultation with subject-matter specialists, can secure much better results in testing others, even in highly specialized fields. Leaving the preparation and rating of tests to separate boards of examiners also precludes the possibility of uniform application of consistent standards and procedures in all the different tests under the control of a personnel agency."

The argument advanced by this statement might be appropriate in the case of short-answer questions, al-



though even here too it is extremely doubtful. But certainly in the rating of answers to essay-type questions, nobody who is not an expert and specialist can hope to cope successfully with the variety of materials which are included in tests for positions such as Psychiatrist, Mechanical Engineer, Food Inspector, Inspector of Steel, and related occupations.

#### *Engineering Cases Cited*

This problem is often encountered in the field of engineering. The division of that field into so many specialties, and the variety of titles in the public service in the engineering groups, makes adequate specialization of the examining staff impossible. Where both open-competitive and promotion examinations are given for technical positions in highway construction and maintenance, tunnel construction and maintenance, bridge construction and maintenance, building construction (jails, offices, laboratories, schools, hospitals, athletic fields) and maintenance, then the problem cannot be solved by the examining staff of the personnel agency. In such cases, the use of outside help is an absolute necessity.

The degree of specialization necessary in engineering examining is clearly illustrated by the recent announcement of the New York City Municipal Civil Service Commission for forthcoming examinations for civil service examiners in the fields of Mechanical Engineering, Railroad Engineering, and Railroad Operations, and junior civil service ex-

aminers in Engineering, Civil Engineering, and Railroad Operations.

#### *Training Problems*

While professional preparation in appropriate fields must be emphasized in recruiting personnel examiners, some attention should be given to training in the field of test construction. Care must be exercised to make certain that at the time of hiring or by means of in-service training all members of an examining staff have knowledge of methods of test construction, new-type tests, sources for test material, and related subjects.

In some instances in selecting examiners, the personnel agency has emphasized this part of the preparation and has consequently encouraged the use of former teachers (since they were most frequently available among those who had the requisite knowledge of test construction methods), whereas the logical approach to the situation should require at least a combination of the two fields, subject matter and method, with the emphasis placed on a wide background of training and experience. To argue *reductio ad absurdum*, it is possible in the time available for in-service training to teach a lawyer, engineer, social worker, etc., methods of test construction, but it is quite impossible to teach experts in test construction law, engineering, social work, etc.

#### *Administration of Tests*

Administering performance tests for various occupations requires



experience. This can be obtained through coaching by older staff members. This problem presents no difficulties which cannot be met by the examiner assigned on a functional basis to the particular occupations for which performance tests are given.

The task of administering oral tests requires the use of examiners with experience in this work. Oral test ratings have been found to be unreliable and yet most civil service agencies will undoubtedly continue to use them for occupations where contact with the public is an important part of the duties. While the hiring of psychologists may be desirable for the purpose of giving oral tests, as a practical matter the best routine solution would seem to be the inauguration of extensive in-service training courses, led by psychologists for regular examiners.

The need for research studies of various personnel problems, particularly the effectiveness of hiring methods, requires the employment of examiners with extensive knowledge of statistics plus training in the social sciences, and public administration. It would be expected that such examiners would supplement their previous education and training by reading and classes in personnel administration.

#### *Research Programs*

The importance of having a personnel program based upon accurate knowledge derived from adequate research analysis is obvious in all instances where subjective impres-

sions are now used for guidance of personnel activities. Donald J. Sublette, in his "Notes on Statistical Procedures in Connection with Personnel Testing" has pointed out some desirable studies to be made in connection with routine test activities.

But the other phases of personnel administration deserve attention from the research examiners too. Service ratings, salary policies, minimum experience and education requirements, all parts of a personnel agency's problems also deserve analysis.

How many personnel bodies can answer the following representative questions on a factual and not an opinion level in regard to a majority of the tests given by it in any recent year?

#### *Questions To Be Answered*

(a) Was there a significant difference in terms of educational achievement between those scoring high on the written tests and those passing but scoring low? between those scoring high and those failing?

(b) Was there a significant difference in terms of years and quality of experience between those ranking high on the eligible list and those ranking low? between those ranking high on the eligible list and those eliminated?

(c) Is there a significant difference in terms of years of experience and education, and age between those scoring high on oral tests, and those scoring low? between those scoring high and those who were failed?

(d) What is the distribution of item difficulty on the written tests?

(e) What are the reliability coefficients of the tests used? the validity coefficients?

(f) Is there a high correlation between high scores on intelligence tests and successful performance on civil service written tests? civil service eligible lists?

(g) Is there a significant correlation between high grades on selected school subjects and success on written civil service tests?

(h) Is there a significant age difference between those high on eligible lists, and those who are low? between those who are high and those eliminated?

These questions only relate to test construction and are but a small portion of the information that should be available in a well-organized personnel agency. The value of having this knowledge upon which to base the preparation of tests is so obvious that the necessity for having available an examiner who can make such studies must be recognized in any well-grounded personnel program.

### *Conclusions*

Personnel agencies which have limited staff might use some central body for test construction, research and analysis, and themselves concentrate on such elements of selection as age, education, and experience requirements, methods of attracting applicants, and the use of "open" registers.

Governmental personnel agencies should integrate their program of

hiring examiners to make certain the establishment of staffs with qualifications similar to those suggested above. The types of professional experience desirable will depend on the particular governmental jurisdiction involved and the types of governmental functions which are developed.

For example, at the present time, with the establishment of welfare administration on a permanent basis, examiners with experience in social work are an absolute necessity. Similarly, where municipalities undertake to operate power manufacture and distribution systems, examiners in the field of electrical engineering will be desirable. But as has been suggested at various places above, personnel recruiting involves so many varied problems, that extensive programs of in-service training are necessary no matter how ideal the previous experience and education of the staff may be.

It is an Integral Part of Every Supervisor's Duty to Use Reasonable Means towards a Constructive Use of Human Resources Entrusted to their Care.

# Advocating Employee Ratings

BY R. E. DUNFORD,  
University of Tennessee

OBJECTIONS to the introduction of rating scales for employees range from general opposition and resistance to innovations and changes to thoughtful valid criticisms of the form and value of proposed scales.

Opposition of a general nature may be expected from those who will be called upon to do the rating and from those rated. Supervisors will perhaps object to the use of the scale on the general basis that it "is just another form to be filled out" and therefore time consuming. It is easy to sympathize with this attitude.

The answer is obvious. Periodic objective analytical rating of employees is as essential in modern business and industry as the scientific study of production processes. To effectively use human effort, that

effort must be evaluated in the work it is doing. The delegation of duty to a supervisor carries with it recognized responsibilities. Outstanding among these responsibilities of supervisors is a proper evaluation and use of the human resources entrusted to their care.

## *Part of Foreman's Job*

The supervisor is a personnel officer, whether he conceives himself to be so or not. The frequent disparity between stated personnel policies and actual application of those policies is a result of the lack of sympathy and/or understanding of the policies at supervisory levels. Therefore, answer to the objection that rating scales are just another time consuming form is to be found in the fact that it is an integral part

of every supervisor's duty to use reasonable means toward a constructive use of human resources.

Another and more valid objection to the use of the rating scale may be raised by supervisors, that the scale is imperfect; doesn't fit their department; can't be generally applied, etc. The justification for these objections is recognized. Human beings defy objective measurement. They cannot be reduced to the satisfying units of the C. G. S. system. Nevertheless, an attempted measurement is better than no measurement at all.

The rating scale is an attempt to refine the subjective over-all judgments that every supervisor must and does make of those he supervises.

Apart from this, a periodic rating should have a general salutary effect on any organization. Even going through the motion of rating provides a stimulation counteracting the tendency of all human organizations to jell and ultimately stagnate.

#### *Reactions of Employees*

Ratings should also disclose needed changes which might take the form of promotion, demotion, transfer, training, or reorganization. Especially should ratings contribute to the incessant cumulative study of employees with the view to putting the finger on those who are material for promotion. It is a recognized fact that a fair percentage of positions at the top must be filled from within. Employees must be made to feel that there is opportunity for

advancement on the basis of a fair evaluation of services and potentialities.

Objections to service ratings may be expected from some employees. There will no doubt be those who, for one reason or another, will be apprehensive of such techniques. Such objections may be allayed by a frank statement of the purposes of the rating. Satisfactory employees will no doubt welcome a closer scrutiny of themselves and their work. Job-coddlers and departmental parasites naturally will not welcome an analytical check up. If the scale is worthwhile and the supervisor objective in its use, such persons will be shown in strong if unpleasant relief.

There is every reason to believe that supervisors and employees alike welcome ratings based upon real efforts to obtain an impartial evaluation of services. It has frequently been found that anticipated objections to ratings do not appear, but rather that they are willingly accepted as an essential aspect of progressive personnel management.

#### *Scientific Difficulties*

The more specific and scientific objections to rating scales and their use are numerous. Scientific studies seeking to establish their validity by means of correlation of successive ratings by the same supervisor and simultaneous ratings by a number of supervisors have been discouraging. Varying standards of raters and lack of uniformity of under-

standing of rated items, all have been pointed out as almost insurmountable barriers to successful rating.

The difficulty of applying any scale over a variety of positions is also a recognized objection. Finally, the seeming tacit recognition, implied in a rating scale, that human personality is made up of a number of discrete and somewhat static traits which may be arithmetically summed to give a true picture of human beings is strictly opposed to the modern dynamic view of life.

The lack of uniformity of standards between raters can be met by statistical methods. Validity and reliability in ratings can be expected with experience and practice in rating.

Application of a general scale over a variety of positions can be effected experimentally by indexing traits, even if the objection to a trait assumption injects into the problem theoretical assumptions without pointing to substitute solutions.

Finally, scientific objections to rating scales do not remove the desirability of having and using them. Practical necessity renders the use of the best available instruments obligatory.

Perfection of rating systems cannot be achieved in a vacuum. They must be submitted to trial in practical situations with an unceasing alertness to better their usefulness through practical experience.

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# Who Wants Security?

*Importance of job factors  
as rated by Employees*

Proper evaluation of all phases of one's work .....	1
A job that interests the employee .....	2
Fair pay for the type of work done .....	3
Understanding and appreciation from bosses .....	4
An available executive with whom to discuss one's personal problems ..	5
A system of promotion based on merit alone .....	6
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*(See opposite page)*

Employees Feel that Understanding and Appreciation, a Chance to Learn and Advance, and Personal Guidance from Executives, Collectively Compose Job Security, or at least Will Insure the Greatest Possible Degree of Security.

# Your Employee Wants You to Know Him

By EMPLOYEE RELATIONS BUREAU  
National Retail Dry Goods Association

AT THE recent Annual Convention of the NRDGA employee morale, that vital organ in the anatomy of business and industry, was the subject of an illuminating employee relations clinic.

Mr. Moeser recalled to the audience that a number of stores had within recent years begun a system of morale surveys to disclose what factors are of paramount importance in determining the relationship between employer and employee.

Mr. Fosdick, Store Manager of Boggs & Buhl described these surveys more precisely to evaluate their significance. He pointed out that it was desirable that employees be as content as management can make them in order to insure pleasant employer-employee relations even where a system of collective bargaining is

in force. However, in order to achieve this harmony, management must first know what it is that employees really want, and how badly they want each thing.

## *Hunches Unreliable*

In determining these wants, management cannot afford to rely on hunches, intuition, or imagination; it must develop a method whereby it can obtain a direct and honest expression of opinion from employees themselves. Such a method, according to Mr. Fosdick, is that of the morale survey which had been undertaken in his store, among others.

In this survey, employees are given a list of items to rate according to the importance which they attribute to each. Conditions are controlled to insure privacy and anonymity to



each employee so that completely frank responses are obtained. Mathematical computation of replies then indicates the relative importance of each morale factor to the group.

Mr. Fosdick reported that results of this survey in his store had been as follows for male employees and for female employees respectively on eight factors which are commonly considered to influence employee morale. (Table I.)

TABLE I

	MEN	WOMEN
Proper evaluation of all phases of one's work when judged.....	2	5
A job that interests the employee.....	1	6
Fair pay for the type of work done.....	3	4
Understanding and appreciation from bosses of the difficulties of one's job.....	5	1
An available executive with whom to discuss one's personal problems.....	7	2
A system of promotion based on merit alone.....	4	-
Good physical working conditions.....	8	3
A secure job as long as the employee does good work.....	6	8

The same survey, conducted in four other stores, with the ratings by men and women combined, yielded the result shown on p. 359.

#### *Four Store Survey*

It is immediately apparent from these results that the factors most usually considered to be of prime importance in employee morale, are not necessarily those which actually motivate employees most strongly. It is true that the Boggs & Buhl survey,

and the four-store survey are not in complete agreement. However, experience has indicated that factors to which a particularly good adjustment has been made by a store will tend to drop somewhat in employee estimation, while those on which the policy and action leave something to be desired will rise a few degrees.

Nevertheless, it has been shown that while variations in the pattern of employee morale factors may thus occur from store to store, intrinsically minor points never will be given a place of prime importance, regardless of the abuses which may attend them in a given store, and a major consideration will never be relegated to a really minor rank.

#### *Executives Rank Factors*

An interesting supplement to the clinic, which added to the significance of the findings, was the survey conducted by having employers, or store executives rank morale factors. Prior to the convention a questionnaire was sent out to a large number of executives of retail stores, asking them to assign what they felt to be the proper rank from the employee viewpoint of each of the items which were featured in the reports on the actual employee surveys. Their replies were tabulated and compared to the employee surveys. The results are presented here for the first time.

Here we see the evaluation of the executive group on the items which featured in the two previously mentioned surveys. They represent the opinions of over two hundred execu-

tives. The ratings are given as executives believed they applied to male employees, to female employees, and then the combined ratings are given. They are shown in comparison to the rankings assigned by employees themselves. (Table II.)

It is obvious that the ratings applied by the executive group diverge widely from those obtained from the rank and file store employees themselves.

vance, and personal guidance from executives—collectively compose job security, or at least will work to insure the greatest possible degree of security. Security, as an abstract principle is likely to mean only a rut. Furthermore, it is probable that retailing does not attract the type of person to whom security is a prime consideration. This is particularly true of the majority of women who go into stores and who by virtue of

TABLE II

RATINGS ASSIGNED BY	ALL EMPLOYEES OF FOUR STORES	BOGGS & BUHL		EXECUTIVES IDEAS FOR		
		Men	Women	Men	Women	Combined
Proper evaluation	1	2	5	6	6	5
Interesting work	2	1	6	4	3	3
Fair pay	3	3	4	2	1	2
Understanding and appreciation	4	5	1	5	5	5
Personal counsel from executives	5	7	2	8	8	8
Merit system of promotion	6	4	7	3	7	4
Good physical working conditions	7	8	3	7	4	6
Job security	8	6	8	1	2	1

### *Executives Over-rate Security*

The most striking disparity occurs on the question of job security, which executives believe to be of paramount importance to employees, but which employees rate as least important. Security is of paramount importance to executives themselves and is a vital factor in their personal thinking. But employees are inclined to be rather realistic about their own situation and to appreciate the fact that at best business can offer them only relative security.

Employees tend to feel that other factors—understanding and appreciation, a chance to learn and to ad-

numbers weight the valuation very heavily.

### *Pay Also*

Executives rated fair pay a very close second to security. Here again they were wrong, although not quite so far off as on the question of security. Fair pay was rated fourth in the four-store group and third and fourth respectively by the men and women at Boggs & Buhl.

The disparity may be accounted for by the fact that employee grievances on other points are frequently sublimated into a demand for higher wages, so that executives have the wage question thrown at them far

more often than any other type of employee problem.

Second, while the amount of money earned is important to employees because it determines their living scale, dissatisfaction over pay is likely to come not because a wage is considered "unfair" but because some other employee in the department is getting more.

Finally, to women, who are frequently not entirely self supporting, and who like to think of themselves as just "helping out" rather than as financial mainstays of the family, working conditions and other factors which make a job emotionally gratifying are likely to compensate for, if not to outweigh, monetary considerations.

Oddly enough, executives, in rating job interest as the third most important factor, struck a compromise between the top rank given it by men at Boggs & Buhl, and the sixth position allotted it by the women, while not putting it quite as high as the second place assigned to it in the four-store survey.

The high position given it by men is readily understandable. A man's job is his chief source of gratification and self-respect. Women, on the other hand, are not career-minded for the most part, even though economic factors frequently force them into careers. Furthermore, the majority of women, particularly the younger ones, find their chief interests and pleasures outside their work.

The fact that executives—although those who answered were almost all

men,—did not give interest the top rating is perhaps explained by recalling that an executive has already chosen a career in a given field of endeavor which he finds interesting, and thereafter the interest factor is the same in any job he takes, while salary and security are the variables which affect his choice.

#### *Women Cynical About Merit*

In rating promotion on merit fourth, executives were fairly close to what employees think. However, they attached more importance to it than do women. Two explanations have been offered for this fact. First is the cynical one, that women have learned it just doesn't happen that way. Second is the facetious one that women are afraid of a merit system, and feel that their chances of promotion are greater when non-objective standards are used and the competition is focused on more nebulous attributes than mere efficiency.

Executives were correct in their rating of understanding and appreciation from bosses as a morale factor where men are concerned, but they underestimated it considerably for women. The fact that women did put this factor at the very top is a further indication that emotional aspects of the job situation tend to outweigh practical ones in the feminine mind.

The desire to have bosses on the job who understand and appreciate the difficulties under which the individual woman works is probably a carry-over to the business picture of

the domestic wish always to be "understood" and to get due credit for "all she goes through".

### *Working Conditions Overlooked*

Executives were approximately right in assigning only sixth position to physical working conditions. This factor was seventh in the four-store study and rated eight and three for men and women respectively at Boggs & Buhl. According to Mr. Fosdick, the reason that women rated it so important at Boggs & Buhl was that conditions in the store's offices were admittedly poor and that an attempt was being made to improve them.

Regardless of the situation in this particular store, it is probably true that men under any conditions think less about physical facilities than women. Women are also more sensitive to the aesthetic quality of their surroundings, and to the type of "housekeeping" that prevails.

Seventh in importance, in the estimation of executives, was proper evaluation of all phases of one's work when judged. This factor ranked first in the four-store survey, and was second for men and fifth for women at Boggs & Buhl. This disparity was probably caused by the fact that what the executive means when he speaks of fair pay, security, and the merit system of promotion, the employee implies when he thinks of whether or not he is being given credit for all work.

### *Executives Have Arrived*

Executives gave the bottom place to "an available executive with whom to discuss one's personal problems". However, this was only fifth in the four-store study, and seventh and second for men and women respectively at Boggs & Buhl. Probably employers are so far off on this point because by definition they are competent, self-sufficient people who have arrived.

They tend to forget that rank and file employees are either young, groping, and eager for guidance, or are older average people to whom the counsel of more successful and experienced people is extremely welcome. The fact that women place this consideration even higher than men ties up, furthermore, with their desire for understanding.

In compiling these employer ratings originally, the tabulations were grouped according to the executive position occupied by each person who answered the questionnaire. While the findings by executive position are not so significant on the whole as those of all employers grouped, they present certain variations which are of interest in disclosing different types of executive thinking in regard to personnel problems.

### *Executives Differ*

The following table shows the ratings assigned to morale factors by store principals, store managers, controllers, personnel executives, and

miscellaneous executives, (advertising managers, buyers, etc.). The order of the items is that assigned in the four-store study. (Table III.)

On the whole it will be observed that personnel executives were a little closer to being right on most of the points than the other groups. They were correct in their rating of physical working conditions. They reversed the positions of work interest and wages, but put them properly in the higher brackets. However, they were woefully far afield on the

the same relationship to the store's employees as do personnel executives.

Store heads were also similar in their judgments to personnel. It will be noted, however, that they assigned the three most important places to those three factors which top management is usually responsible for providing and supervising; namely, security, wages, and promotion. They rated interesting work less important than did any of the other groups, probably because they are furthest removed from

TABLE III

RANKS ASSIGNED BY	TOP EXECUTIVES	STORE MANAGERS	PERSONNEL EXECUTIVES	CONTROLLERS	OTHERS
1. Proper evaluation	7	7	6	7	7
2. Interesting work	4	3	3	3	3
3. Fair pay	2	2	2	1	1
4. Understanding and appreciation	6	5	5	5	6
5. Personal counsel	8	8	8	8	8
6. Merit system of promotion	3	4	4	4	4
7. Good working conditions	5	6	7	6	5
8. Job security	1	1	1	2	2

questions of job security, personal counsel, and evaluation of performance.

#### *Managers, Personnellers Agree*

It is interesting to note that store managers, except for reversing the ratings which personnel executives gave to proper evaluation and physical working conditions, rated all other factors the same. This identity of viewpoint is probably accounted for by the fact that store managers usually top personnel responsibilities, and operate in about

the mass of employees. For that reason also they considered working conditions more important than they really are.

This is perhaps characteristic of those store owners who provide very desirable physical facilities for their employees, and expect them to be a panacea for all ills, forgetting that unless such facilities are new and in marked contrast to what existed before they are taken for granted.

#### *Controllers Stress Pay*

Controllers and miscellaneous executives thought almost exactly

alike. The fact that body groups placed fair pay at the top may either be considered to indicate that controllers naturally place greatest emphasis on monetary considerations, as do those untrained in personnel thinking or that both groups only have the opportunity to deal with personnel questions in relation to wage adjustments.

While the study of executive ratings of morale factors yielded very interesting sidelights on what executives think that employees think on various points, its most significant result lies in its general rather than its specific implications.

#### *Psychological Barriers*

It is clear that executives do not know what employees are thinking.

It indicates that there is a psychological barrier between executives and employees which must be broken down if a meaningful employer-employee relations program can be evolved, and if conditions of harmony are to prevail. It reaffirms the fact that employers, in an effort to satisfy employees, labor to improve material conditions of employment, neglecting the emotional factors which really bind people to their work.

It reveals the fallacy of executive thinking which tends to consider employees in a sort of dehumanized manner. It demonstrates amply the need for employers and their executive assistants to study in a scientific manner the reactions and needs of their employees and then to minister to them intelligently.

The Committee Considered that an Addressograph Operator was In-between Messenger Boy and Income Tax Punch Press Operator in Mental Effort Required, and Rated the Job \$10 for This Factor.

# Arranging *the* Right Pay

By EDWARD N. HAY

The Pennsylvania Company  
Philadelphia, Pa.

THE Factor Comparison Method of job valuation was developed for and first applied to hourly-rate jobs. It has been found equally applicable to salaried jobs of all kinds and was recently used in a bank and trust company, where it included 1025 of the 1150 employees, embracing 600 different jobs with salaries under \$5,000.

Although it is believed by some to be complicated in comparison with other methods, the study and installation here reported took place in only eleven months and required only 36 man-months labor, including stenographic service. This is believed to be a record for shortness of time and low cost.

The method as here described was originated by Eugene I. Bengel, now of the U. S. Gypsum Co., for hourly

workers, further developed by Samuel L. H. Burk, of the Atlantic Refining Co., and applied also by him to salaried workers. It embraces the following series of steps:

## *Employees Describe Their Jobs*

(1) Prepare a detailed description of each job accompanied by a specification of the personal qualifications needed for the job.

Do this from the information obtained from forms filled in by each employee and by each supervisor. Obtain agreement between the two descriptions by having a job analyst interview both, after studying the completed forms.

(2) To compare jobs, especially where the duties are entirely unlike, it is necessary to consider factors

common to all jobs. In the Factor Comparison Method these are:

Mental Effort  
Skill  
Physical Effort  
Responsibility  
Working Conditions

Thus, in comparing the work of a stenographer and a watchman, it is not difficult to determine that the stenographer requires more mental effort and skill but less physical effort. How the relative importance of the two jobs in each of the five factors balances, so as to determine which has the greater total value is an easier process than to try to estimate which job of the two is worth the most without this comparison by factors.

For example, when all the steps were completed, the valuations placed on these two jobs were:

	Watchman Pos. No. 1225	Stenographer Pos. No. 709
Mental Effort.....	9	20
Skill.....	9	27
Physical Effort.....	25	16
Responsibility.....	33	22
Working Conditions.....	12	5
Total.....	\$88	\$90

These two positions are described in detail in the job description and job specification forms bearing the job numbers 1225 and 709 respectively. It should be understood that they are not representative of watchmen in general or stenographers in general. In fact, "stenographers" are found in 6 different salary classes because of differences in the duties of the various stenographic jobs, in different departments.

### Select Key Jobs

(3) Select about 15 or 20 "key jobs" which are "jobs clearly defined as to duties, whose rates are not subject to controversy, which are not admittedly or comparatively underpaid or overpaid, and which vary in salary from the lowest to nearly the highest".

The key jobs selected and the average monthly salaries paid were:

B—Outside Collector.....	\$114
C—Head Bookkeeper.....	298
D—Machine Bookkeeper.....	97
E—Teller.....	157
F—Messenger Boy.....	6
I—Tax Clerk.....	204
J—File Clerk.....	79
K—Remittance Clerk.....	156
L—Court Accountant.....	157
M—Real Estate Maintenance Inspector.....	136
O—Money Counter.....	125
P—Senior Ediphone Operator.....	111
Q—Unit Supervisor, Bookkeeping Section.....	133
R—Income Tax Punch Card Operator.....	89

(4) From the descriptions of jobs based on information received from employees and supervisors and checked by interviews, rank the fourteen key jobs from lowest to highest in order of the importance of the first factor, Mental Effort, thus:—

F—Messenger Boy
R—Income Tax Punch Card Operator
O—Money Counter
J—File Clerk
D—Machine Bookkeeper
B—Outside Collector
P—Q—Senior Ediphone Operator—Unit Superv. Bkpgg Section
E—Teller
K—Remittance Clerk
L—Court Accountant
M—R. E. Maintenance Inspector
C—Head Bookkeeper
I—Tax Clerk



(5) Perform the same ranking operation for the 14 key jobs for Skill. Do it also for Physical Effort; again for Responsibility; and again for Working Conditions.

Thus the fourteen key jobs will be in five different lists, each list showing the order of importance of each job for each factor.

#### *Average Thirty Opinions*

This ranking operation is done independently by five analysts and the five members of the Position Valuation Committee which collaborates with the Personnel Department in this work. (The Committee should be comprised of high ranking operating officials, each from a different department.) After ranking the jobs, the results are given to the Chief Job Analyst, a week later the operation is repeated, and again a third time, after an interval of another week. The average of these thirty opinions is taken as the official key-job ranking.

When ranking the jobs, no analyst or committee member consults his associates and no notes are retained after the operation so that each ranking represents a separate judgment uninfluenced by anything else. This method is called "pooled judgment".

A job such as machine bookkeeper will then appear thus:

Mental Effort.....	5th
Skill.....	5th
Physical Effort.....	4th
Responsibility.....	4th
Working Conditions.....	4th

Ediphone Operator will appear:

Mental Effort.....	7th
Skill.....	6th
Physical Effort.....	2nd
Responsibility.....	2nd
Working Conditions.....	1st

(6) Starting with the present typical or average salary for each of the key jobs, divide that salary into five parts, assigning one part to each of the five factors in accordance with its estimated importance.

Thus the average pay of forty machine bookkeepers is \$97.00 per month and the different factors are found to be worth:

Mental Effort.....	\$17.00
Skill.....	27.00
Physical Effort.....	17.00
Responsibility.....	25.00
Working Conditions.....	11.00
	<u>\$97.00</u>

An ediphone operator's average pay of \$101.00 is divided:

Mental Effort.....	\$25.00
Skill.....	32.00
Physical Effort.....	16.00
Responsibility.....	21.00
Working Conditions.....	7.00
	<u>\$101.00</u>

#### *Key Jobs About Right*

It should be remembered that these are Key Jobs and that their "rates are not subject to controversy" and "are not admittedly or comparatively underpaid or overpaid". Stated otherwise, the average salaries of our bookkeepers and ediphone operators of \$97.00 and \$101.00 are believed to be about right based on long experience, and the figures we have used are

therefore suitable to form part of the base of our entire salary scale.

(7) Compare the results of Step (6) to Step (5) and eliminate discrepancies. This gives a "yardstick", or rating scale, in dollars for each of the five factors.

The result of these two steps is the following "factor point scale":

DOLLAR FACTOR POINT SCALE

MENTAL	SKILL	PHYSICAL	RESPONSIBILITY	WORKING CONDITIONS
F 9	F 9	K 13	F 10	J
R 14	O 25	L 13	P 21	P
O 17	J 19	I 15	J 21	L
J 16	B 20	C	R 22	E
D 17	R	P	D 25	K
B 20	D 27	J 16	O 27	C 9
P 25	P 32	Q	B 31	R 10
Q 25	K 1	R	Q 45	O 18
E 30	Q 36	O 18	L 55	Q
K 40	E 38	D 17	M 34	E 11
L 42	L 40	E 18	K 60	D
M 29	M 34	F	E 60	I 13
C 70	I 36	B 25	I 55	B 18
I 65	C 70	M 18	C 133	M 13

The scale is shown with Jobs O, M and I included. But it will be noticed that the prices assigned to several of the factors for these three jobs are more than for other jobs which were ranked higher. Thus, in the first column "Mental", Job O is priced at \$17 but ranked below job J priced at \$16. This slight difference could perhaps be adjusted if the analysts and Committee could agree but under all of the other factors Job O is likewise overpriced and it is therefore eliminated from the key scale. Probably the salary for O of \$125 is too high in comparison with other jobs. M and I are also elimi-

nated in the same way, leaving 11 key jobs.

### *Fitting in Other Jobs*

(8) Now the committee of high ranking operating officials and the job analysts compare all other jobs in the company with the key jobs. They place new jobs in correct order of rank for each of the five factors, one at a time, by comparing them with the key jobs on the rating scales for each factor.

In the rating as we descend the scale towards the higher paid jobs, the dollar differences between adjoining jobs become increasingly greater. This corresponds to the known fact that the difference between the salary of the president and the senior vice-

MENTAL EFFORT FACTOR

DOLLAR VALUE	KEY JOB	INTERVAL NUMBER
5		1
6		
7		
8		
9	F	
10		
11 12		2
13 14	R	
15 16	J, D	
17 18		
19 21	B	3
22 25	P, Q	
26 29		4
30 33	E	
34 38		5
39 43	K, L	
44 49		6
50 57		8
58 65		
66-75	C	10
76-86		11
87-98		12
99-110		

president is much greater in dollars than between junior supervisor and clerk.

This circumstance permits us to say that just as salaries of jobs of increasing importance descend in a geometrical progression, so also do the values on each of the factor scales. With this in mind we had to consider the scale for the Mental Factor as shown in table on page 367.

Thus the dollar rating scale of key jobs for the factor Mental Effort is as follows:

F—Messenger Boy	\$9
R—Income Tax Punch Card Operator	14
O—Money Counter	17
J—File Clerk	16
D—Machine Bookkeeper	17
B—Outside Collector	20
P-Q—Ediphone Op—Unit Supv. Bkpg.	25
E—Teller	31
K—Remittance Clerk	40
L—Court Accountant	42
M—Real Estate Maintenance Inspector	49
C—Head Bookkeeper	55
I—Tax Clerk	65

In evaluating the position of Junior Mail Clerk, for example, it is judged to require more mental effort than D, Machine Bookkeeper and less than B, Collector. There is only one "step" between these two jobs on the Mental Effort scale and the value assigned to mental effort for this job therefore necessarily must be \$17.

An example of what is then done may be seen in two other jobs not on the key list. The Committee considered that an addressograph operator was in between messenger boy and income tax punch card operator in mental effort required, and rated the job \$10 for this factor. Stenographer and clerk in the Finance

department was rated less than ediphone operator in mental effort required, and the job rated \$23 for this factor.

Each job was compared with the key jobs on each factor, and given a dollar value for the factor. Adding up the dollar value for each factor gives the pay for the job—discrepancies being smoothed out in committee. Finally, the results are submitted to the various departments for their criticism and approval.

### *Classes of Jobs*

(9) It was considered more convenient to group all jobs from \$50 to \$400 a month into 21 classes than to have 350 classes as might be the case if the appraised salary value is retained as the median salary value for each position. Therefore, following the already recognized principle of geometrical progression of salaries all jobs were arranged into salary classes according to the practice of the industry, from the lowest to about \$5,000 a year in salary. Twenty-one classes was the number found suitable in the case under discussion.

It will be seen (p. 369) that there is considerable overlap of each salary class with those above and below. This is in accordance with custom. It raises the question, of what salary class the Machine Bookkeeper job with average value of \$97 a month belongs in. Apparently from the salary scale it could be in Class F, G, or H. This difficulty is met by selecting points for each class that will mark off portions of each one so that

there will be no overlap of the adjacent classes. These are called "selection points".

The salary scale adopted was as follows:

SALARY CLASSES		
GRADE	SALARY MINIMUM	SALARY MAXIMUM
A	\$55.	\$67.
B	55.	73.
C	60.	80.
D	66.	88.
E	72.	96.
F	79.	105.
G	86.	115.
H	94.	126.
I	103.	138.
J	113.	151.
K	124.	165.
L	136.	181.
M	149.	198.

E is \$87, so the selection *minimum* of Salary Class F must be \$88. This method is followed throughout, and serves to identify the class a job should be put in.

These selection points are found for this purpose only. They are not averages or exactly half way between the minimum or maximum and the mid-point.

From this table it is evident that the Machine Bookkeeper at \$97 median value belongs in Class G, and in no other.

### *Advantages of Method*

The Factor Comparison Method retains all the advantages of job-to-job comparison but does it in a more practicable way than by comparing one job *as a whole* with another in that it makes the comparison on the basis of *factors common to all jobs*. Thus, it is relatively simple to determine whether a watchman requires more years of experience to gain the required skill than in the case of an experienced stenographer, and after comparison with key jobs has been made, it is also possible to place on each the appropriate dollar value.

Another important advantage is the way in which salaries are tied in with job values. This is done at the time of the initial valuation by expressing job values in dollars of monthly salary. (For hourly paid jobs a point may be a cent per hour.) Salaried and hourly-paid jobs can be tied together if desired so that jobs of equal difficulty may receive the same compensation under either scale of pay. Subsequent salary level changes

and so on to Class U.

SHOWING SALARY CLASSES AND SELECTION POINTS

SALARY CLASS	SALARY MINIMUM	SELECTION MINIMUM	GEOMETRIC MID-POINT	SUB-TWOON MAXIMUM	SALARY MAXIMUM
A	\$50.	\$55.	57.74	\$60.	\$67.
B	55.	61.	63.22	66.	73.
C	60.	67.	69.23	72.	80.
D	66.	73.	75.80	79.	88.
E	72.	80.	83.00	87.	96.
F	79.	88.	90.89	95.	105.
G	86.	96.	99.52	104.	115.
H	94.	105.	108.98	114.	126.
I	103.	115.	119.33	125.	138.
J	113.	126.	131.67	137.	151.
K	124.	138.	143.08	151.	165.
L	136.	151.	156.67	164.	181.
M	149.	165.	171.56	179.	198.
N	163.	181.	187.85	197.	217.
O	178.	198.	205.77	215.	238.
P	195.	216.	219.24	236.	260.
Q	214.	237.	246.64	258.	285.
R	234.	259.	270.07	283.	312.
S	256.	284.	295.73	309.	341.
T	280.	311.	323.82	339.	374.
U	307.	344.	354.38	371.	409.

For example, in the Table above the selection *maximum* of Salary Class

can be made by applying a conversion factor to point values. Thus a flat 10% salary increase results in the multiplication of point values by 1.10 to find new salary values.

For example, the Machine Bookkeeper job is worth \$97 a month and this is also expressed (arbitrarily) as a value of 97 "difficulty points". The point value of jobs never changes but if it is desired to increase the salary scale by 10% and give this amount of increase to all employees, it is only necessary to increase the minimums and maximums for each salary class and likewise individual salaries.

Salary Class G into which a 97 point job falls has a present minimum of \$86 and a maximum of \$115 and after a 10% increase these become \$95 and \$127. The "difficulty point" value of that job is still 97 but to relate it to the correct salary class, the point value of 97 must be multiplied by the factor 1.10, giving a salary value of 107. Thus the salary class of any newly valued job can be found by multiplying by 1.10. By this means salary or wage levels can be raised or lowered without disturbing the origi-

nal values of jobs expressed in difficulty points.

#### *Compare Wages of Other Plants*

So also, a company can use the same set of key jobs to value the jobs at a number of its plants, and can use different wage levels at various plants by relating them to basic difficulty point values by means of the proper factor. Thus one plant with a high wage level might use a conversion factor of 1.12 while another uses 0.95, but both being based on the identical set of key jobs.

Similarly, a company using the Factor Comparison Method can, with its own scale of job values, evaluate a dozen or 20 jobs in another company and determine the relationship between salary levels of the two companies. This difference in salary levels is expressed by a single factor, assuming that values of most jobs in the other company are consistently related to each other; that is, that some jobs are not relatively higher or lower paid than other jobs of equal difficulty.

Recognition of the Principle that a Plan of Administration is a Constantly Changing Project, in no Sense a Static One, will Accomplish Great Things for a Business in Terms of Coordination and Operating Efficiency.

# Hotel Management *becomes* Democratic

By H. E. STATS

Hotel Lowry  
St. Paul, Minnesota

OUR company is an hotel company, the operations of which have been altered in five or six years from a system of empirical management, with loosely defined responsibilities and limited coördination, to a democratic organization, well coördinated, with an interested and coöperative group of executives instead of harassed straw bosses.

Progressive analysis of our plan of departmentalization and assignment of authority has done the job. This is not intended to imply that anything like perfection has been attained. To do that would be to discard the very thought that has led to the presently attained results—the idea of constant analysis. Almost from day to day our present channels of procedure are undergoing study by the very men who are a part of

them. In fact, such activity is carried on more enthusiastically now than ever before because it is only in the past year that the results are becoming most apparent.

As long as the good effects continue to appear, the company is committed to a continuation of this policy. Five years from now, or even a year hence, we may have our structure entirely changed. If that happens, it will be because we who work under the system found better ways to line up intra-organization relationships among ourselves.

## *Management Dictatorship Out*

Evolution of the company's organization plan may very probably be only a repetition of what has transpired in many other companies. Of that, the management has no assur-

ance because study has been concentrated on the conditions within our own firm, due emphasis being placed on accepted principles of good administration. In any event, herewith is set forth the brief history of the process as it has worked out in practice.

It is concerned with a small organization. At no time have the total employes exceeded approximately 500. All or part of the phases have

policies, including the most minute details, originated with the top management. The sub-managers were, in effect, "staff officers" in the army sense of the word, merely passing on some of the commands of the "general" to the working supervisors and to the rank and file employes.

It is only necessary to live a while under such a regime to know that it will work only by force and then only with an abnormal expenditure of

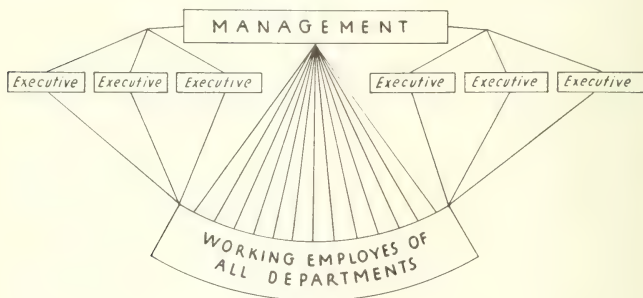


Figure 1.

developed through four different hotels, centering around the Hotel Lowry in St. Paul, Minnesota.

The beginning found the company with a "management dictatorship." This was not through choice. Typically, the firm had grown from very small beginnings and found itself expanding. The operating methods of one 80-room hotel were being pressed into service in the management of several, all more than twice that size. A great percentage of all orders and

energy and a sacrifice of morals and lasting efficiency. (See Fig. 1)

#### *Organization Chart Suggested*

Under "management dictatorship," it was often necessary to hold informal conferences to straighten out difficulties arising out of the system. It was at one such conference in 1932 that an organization chart was suggested, purely as an expedient to keep some of the sub-heads from running afoul of one another in regard to

their limited authority and rather broad responsibility. This suggestion, founded on something similar to desperation, was accepted on trial by the management in a spirit of open-mindedness.

The task of working out the chart was delegated to one man. Difficulties began to appear immediately when it became necessary to write down definite lines of authority and responsibility. Right here a fallacy was discovered, the fallacy of setting up an organization chart as someone feels it *should be* instead of trying to picture the company as it *is*.

That mistake not only made it more difficult to get acceptance from the management and from the executives, but also resulted in an entire failure of the whole idea. Later experience demonstrated that a great deal more could have been accomplished by making the picture in its true existing form, letting it speak for itself, and then gradually applying improvement.

The first chart divided the organization into four sections: two principal divisions (the food and rooms departments) and two smaller divisions (accounting and advertising). Auxiliary functions, such as telephone, maintenance, etc., were included under the "rooms" department.

Theoretically, an executive was in charge of each of the four divisions. This was, however, mostly theoretical because the organization did not have, nor was it in a position to employ, four men capable of carrying the full load of these divisions. The result was divided authority and,

consequently, divided responsibility in the two major branches.

#### *Chart Becomes Dictator*

The method of placing the new lines of control was to call a joint meeting of executives and employes, with a good majority of the rank and file present. At this meeting, a management representative explained the idea, distributed copies of the chart for posting in all departments and, in a manner, warned those present that the lines of the chart must be followed.

Of course, such arbitrary superimposing of an entirely new operating idea was doomed to failure. The first meeting was about the last that was heard of that particular chart and almost spelled the end of the entire project. The charts were posted in the departments and the organization not through unfriendliness but through sheer inability, proceeded to ignore them.

As the depression dragged on, more and more men from other lines of business sought positions with the company. The management became convinced that the adaptation of scientific methods from industry at large could be of great value in improving hotel efficiency. To this end, several men were taken in from other fields, some in executive work and others in routine jobs.

The newcomers revived the thought of a more formal organization procedure. The activities of this group brought the evolution into what might be termed its "youth." It was at this point, through informal



executive meetings, that the analysis was begun. Since then, improvements have been, for the most part, through orderly progress rather than by upheaval.

### *Management Experts Cause Trouble*

The first new attempt at an operating layout produced little results or satisfaction. Sponsored by men brought in from manufacturing, the new plan took on a production complexion which was not suited to a public relations and service company. The management, already satisfied as to the eventual value of coordinated operations, again fell in with the program advanced by the newcomers and made the set-up law. The program proved to be too sweeping in its re-classification and re-departmentalization of functions.

It tended to ignore fundamental traditions of the hotel industry and age-old habits of the public, as well as the craftsmanship of workers. In a plant like an hotel, where customers are present all of the time, such policies prove not only virtually unenforceable, but also unprofitable. Henceforward, it was concluded by all concerned that in administration, as it had always been in sales and other functions, ideas from the outside would be *adapted* to the company instead of being *adopted* by the company.

As this phase of the development neared its close, about two and one-half years had elapsed since the organization chart was first suggested. During this period, man-

agement, department heads, and even employes had, in a sense, become organization-minded. Everyone had learned, either by study or by trial and error, at least something about the science of administration.

### *Span of Control Studied*

Meetings held on routine matters often concluded with informal discussions on the technique of organization. Thoughts developed in this way led to the gradual creation of what has been called a "line and staff" organization. This consisted of a group of operating department heads (such as a food and beverage manager, sales manager, service manager, etc.) reporting directly to the management. In addition, staff executives (such as an industrial engineer, food cost reduction expert, etc.) reported directly to the management and served as consultants to the line executives.

The greatest flaw in this system turned out to be its unwieldiness. The theory of the "span of control" (as developed in "Papers on the Science of Administration" by Gulick, Urwick, Graicunas, et al.—Institute of Public Administration, Columbia University, New York, 1937) was absolutely ignored. The manager of one of the company's hotels had fifteen different line and staff executives reporting directly to him and depending on him for immediate decisions.

Nevertheless, in spite of its clumsiness, the line and staff system produced improved results when com-

pared with previous results in the company under previous systems.

Revision of the organization chart at regular four-month intervals was established. Small changes, constantly going on, often considerably altered the picture in a few months. In line with a policy of capitalizing on the capabilities of competent men, departments and especially sub-departments were sometimes re-assigned when executives were changed or transferred.

But in every case the change preceded the chart. A change was never introduced via the chart. The chart was viewed by the company, then as now, as only the equivalent of a periodic photograph of the business structure, mostly for the purpose of studying how to improve it.

#### *New Organization Chart*

The working out of the foregoing steps was, for the most part, a joint activity of a number of different executives. It seemed, however, that through all these four years of building of the administrative frame work, the possibility of similar joint activity in the other operating phases of the company's business was overlooked. Then that point came to the attention of the management. The problem was to inject the ideas of all of the executives into every branch as they had been woven into the organization skeleton. To solve this, an hotel application of the "committee" idea was worked out with the aid of several key executives.

To execute the plan, a special

organization chart was made. Only one copy was prepared. That one was placed in the hands of management and used in the same manner that a contractor uses a blue print in constructing a building or in reconstructing one.

No special meetings were called to introduce the alteration. It simply became the job of the management to shape the work into committee channels. One way of accomplishing this was to informally insist on predetermined groups of executives getting together to discuss items requiring a definite decision. By carefully assigning the subjects, the groups gradually crystallized into three committees—the sales, advertising and merchandising committee, the general operations and service committee, and the operating policy and methods committee.

This step completed, the members of the three committees, comprising the eight key executives of the company, were called into the management offices one at a time and given a picture of the revised program. Next, the three committees were joined into an executive conference board. This board was invested (subject to veto by the president of the company, who was an exofficio member) with the authority to decide on practically all vital matters of policy.

#### *Chart Photographs Changes*

The executive conference board has made revisions in the organization plan from time to time during the

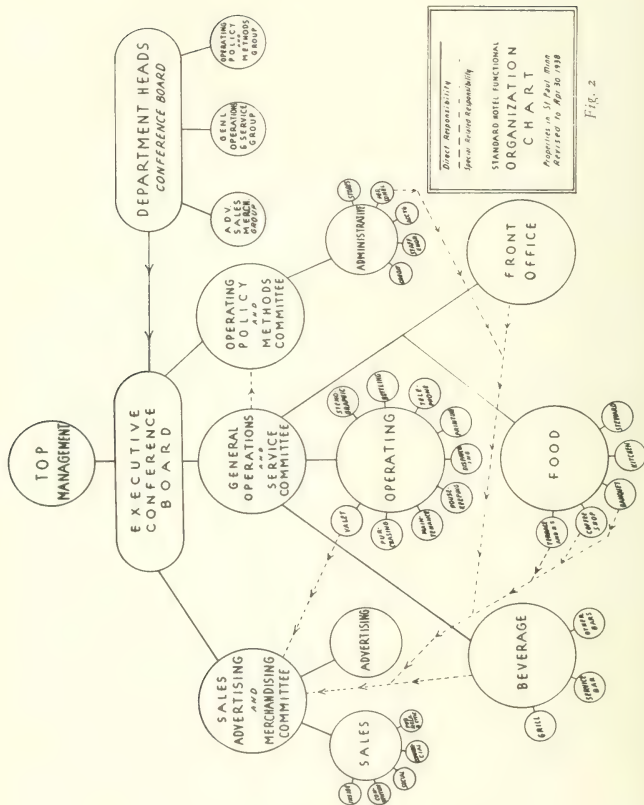


Fig. 2

past year. However, no printed chart was ever distributed. The one official chart, revised from time to time, remains in the hands of the management. A reproduction of it in its most recent form is shown in Fig. 2.

The following points explain in brief our present functioning under the chart as shown:

The executive conference board defines the duties and powers of committees, allowing them to act independently on some things and insisting that others be presented for approval.

Key executives (who, of course, also make up the board), have full authority in their departments and report to their corresponding committees, of which they may or may not be members.

Official contact with the top management is through the board and through the committees, although key executives, of course, have access to the top for personal consultation.

Liaison with staff (not in the military sense) departments is through the committees.

Committees meet weekly. The board meets every two weeks. Red tape is cut down and delay avoided by informal check-ups at daily luncheons in the private officers' dining room. Although not required, most board members appear there daily.

A recent addition to our plan, suggested by several board members who read Charles P. McCormick's "Multiple Management" (published by Harper & Brothers, 1938), is a department heads conference board. This group is composed mostly of assistants to the members of the executive conference board. It functions similarly through committees, but only takes action after getting its recommendations approved by the executive board. The junior executives so far evince an interest and enthusiasm equal to that of their chiefs.

In the company, we like to think of the foregoing story as comparable to the growth of a child from infancy to very early maturity. The latter is the stage we think the plan is in now. Practical experience has been gained and valuable principles peculiar to our business have been evolved in this 6-year period. We look forward, in the immediate future, to a refinement of the present stage of development.

### *Confident of Future*

Our experience with leaving many management functions to committees has been favorable. So far, our committees have not developed the sluggishness and recalcitrance that many management people complain about when discussing such plans. We are now devising ways to maintain the virility that our committees have already shown.

Frequent changes in the membership of committees and rotation of the chairmanship already indicate a tendency to accomplish this. Fears of inflexibility in the meeting of emergencies were expressed when business began its most recent downslide but they did not materialize. Operating expense controls have functioned better under democratic control than they ever did before.

This latest phase of our company's development has, all in all, been the most satisfactory. If our record should begin to fail, an improved structure will be devised and that will not take long because we have drawn from the present picture one valuable ingredient—coordination.

What can be Done to Protect the Old Timer, and Still Afford our Young People an Opportunity to Work? What Means can be Used to Measure Improvement Due to Training? Should Employee's Attitudes be Measured?

# Merit Rating Survey Findings

By R. B. STARR and R. J. GREENLY

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THIS paper is the result of answers to questionnaires sent to companies representative of the major branches of industry in the United States requesting samples of their merit rating scales and information concerning their application and subsequent use. The following table illustrates the sources of information:

Number of companies contacted	64
" " companies replying	44
" " complete returns	16
" " incomplete returns.....	28
" " companies not replying	20

It will be noted that only about one-third of the companies replying to the questionnaires, as indicated by the number of complete returns, are now using merit rating scales. Care was exercised to insure that the com-

panies selected for the survey were representative of their industries. This was accomplished by selecting from "Poole's Index" the major companies in our important types of mining, processing, manufacturing, and distributing.

## *One-third Use Rating*

Companies ranged in size from about five hundred employees to more than one hundred thousand. From the returns received, therefore, we may estimate that only about one-third of our industrial organizations are using merit rating. This is borne out by letters from those twenty-eight companies making incomplete returns, in which they stated that merit rating was being considered,

TABLE I  
 THIRTY-FIVE RATING ITEMS USED BY SIXTEEN COMPANIES

COMPANY KEY NUMBER	2	9	16	3	6	5	10A	1	10B	11	7b	8	11	14	11	4	7a	15	NUMBER
Quality	✓	8	✓	✓	✓	12	✓	50	✓	20		✓	✓	✓	✓	10	✓	✓	12
Quantity	✓	✓	6	✓	✓	✓	10	✓	50	✓	25		✓	✓	✓				11
Cooperation	✓	✓	6	✓	✓			✓	50	✓	8	✓	✓	✓	✓	10			11
Initiative	✓	✓	6	✓	✓	✓	10	✓	50	✓	6	✓	✓	✓	✓				11
Dependability	✓	✓	6	✓	✓	✓		✓	9	✓	50	✓		✓	✓	10		✓	10
Personality	✓			✓	✓	✓		✓	50	✓	50	✓	✓	✓	✓	10	✓		10
Health	✓	✓	4	✓	✓	✓	4	✓	50	✓	50	✓							10
Safety	✓	✓	6	✓	✓	✓	8	✓	50	✓	7	✓	✓	✓					10
Industry	✓	✓	6	✓	✓	✓	10	✓	50			✓	✓		✓	10			9
Versatility	✓	✓	6	✓	✓	✓		✓	50	✓	15		✓	✓					8
Leadership	✓	✓	6	✓	✓	✓	10	✓	50	✓	50	✓							8
Judgment	✓	✓	4	✓	✓	✓		✓	50	✓	50	✓			✓	10			7
Intelligence	✓	✓	6	✓	✓	✓	12			✓	✓								7
Attendance	✓	✓	4	✓	✓	✓	4		✓	5			✓						6
Knowledge of job				✓	✓			✓	50		✓	✓	✓						6
Potentiality	✓			✓	✓						✓	✓		✓					5
Habits	✓	✓	4		✓	✓	6	✓											5
Years of service				✓	✓	✓			✓	15		✓							4
Loyalty	✓	✓	4		✓	✓													3
Ability to plan	✓				✓	✓			✓	50		✓							3
Enthusiasm	✓	✓	4		✓	✓					✓								3
Trade skill	✓	✓	6		✓	✓	10	✓	50										3
Technical knowledge	✓	✓	4	✓	✓														3
Dependents								✓	10			✓							3
Punctuality	✓	✓	4	✓									✓						2
General rating	✓								✓	50									2
Tact	✓				✓	✓													2
Suggestiveness	✓			✓															2
Knowledge of costs	✓				✓	✓	4												2
Fairness	✓																		1
Knowledge of product	✓																		1
Knowledge of equipment	✓																		1
Knowledge of company policies	✓																		1
Appearance					✓														1
Place of residence												✓							1
Number of rating items	21	19	15	14	13	12	12	11	10	10	7	7	7	6	6	5	4	4	
Method of rating (C = Committee; S = Supervisor)	S		C	S	S	S	C	C	C		S		S	S	S		S		
Explanatory phrases used on rating scale	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	No	No	No	

but insufficient knowledge of the types of scales prevented its immediate acceptance.

In Table No. 1 appear the thirty-five items used by the sixteen organizations employing merit rating at the present time. The companies are listed as No. 1, No. 2, etc. in compliance with their request for anonymity. Each item which appears on the rating scales of a particular company is checked, and if the items are weighted these values are also indicated. Thus Company No. 1 rates its employees on Quantity and weights this item twenty-five points. Quality is rated by this same company and is valued at twenty points, etc.

Where no weights are assigned to the individual items the rating is done either on the basis of A to E, or Excellent to Poor. The columns at the bottom of Table No. 2 indicate, by company, method of rating, use of explanatory phrases for each item on the rating scale, and the total number of items on each scale.

The rank order of frequency of occurrence for each item is shown at the right. Thus "Quality" is rated twelve times out of a possible eighteen times and so on down to "Place of Residence," which appeared only once.

#### *Rigid Definitions Necessary*

Table No. 2 is a glossary of terms. This table is included to illustrate the widely varying interpretations of

TABLE 2

## GLOSSARY

TERMS USED	INTERPRETATIONS TAKEN FROM MERIT RATING FORMS CONTRIBUTED BY INDUSTRIES
Quantity	Quantity Bedeaux Performance Speed of Production Efficiency Productivity
Quality	Quality Accuracy of Production
Versatility	Flexibility Ability to Learn New Duties Ability to Handle Several Jobs Versatility Adaptability Ability to do Other Work
Dependability	Dependability Perseverance Acceptance of Responsibility Carrying Out Instructions
Cooperation	Cooperation Teamwork Behavior Ability to Get Along with Others
Safety	Safety Safety Habits Safety Attitudes Safety Performance
Initiative	Initiative Resourcefulness Constructive and Independent Thinking
Leadership	Leadership Supervisory Ability Ability to Direct Work of Others Responsibility Ability to Handle and Develop Men
Attendance	Attendance
Years of Service	Years of Service

TABLE 2—Continued

TERMS USED	INTERPRETATIONS TAKEN FROM MERIT RATING FORMS CONTRIBUTED BY INDUSTRIES
General Rating	General Rating Performance
Fairness	Fairness
Tact	Tact
Judgment	Judgment Common Sense Level Headedness Judgment and Decision
Intelligence	Intelligence Mental Ability Ability to Learn Analytical Ability
Loyalty	Loyalty Sincerity
Personality	Personality Personal Requirements Personal Habits
Health	Health Physical Makeup Physical Condition Physical Fitness
Suggestiveness	Suggestiveness Creativeness
Knowledge of Product	Knowledge of Product
Knowledge of Equipment	Knowledge of Equipment
Ability to Plan	Ability to Plan Work Self Management Organizing Ability
Knowledge of Costs	Cost Knowledge Thrift
Knowledge of Company Policies	Knowledge of Company Policies

TABLE 3—Continued

TERMS USED	INTERPRETATIONS TAKEN FROM MERIT RATING FORMS CONTRIBUTED BY INDUSTRIES
Industry	Industry Energy Use of Working Time Application Industriousness Courage Hard Worker
Potentiality	Future Possibilities Potentiality Capacity for Growth Ability to Advance
Habits	Habits Temperance Conduct on the Job Behavior Conduct
Appearance	Appearance
Enthusiasm	Enthusiasm Interest in Work
Residence	Place of Residence
Trade Skill	Use of Equipment, Tools, Material, Power Trade Skill Overall Job Performance
Technical Knowledge	Trade Knowledge Technical Knowledge Educational Progress
Punctuality	Punctuality
Knowledge of Job	Knowledge of Job
Dependents	Number of Dependents Home Environment Family Status

such items as "Quantity," "Versatility," etc. If the men responsible for creating merit rating scales differ in their interpretations of the items



used to the extent indicated in the glossary, then the raters cannot be expected to apply the scales uniformly, unless each item and each degree of its excellence is rigidly defined by explanatory phrases *printed on the scale ITSELF*. For example, "Poor Quality" may have some such phrase as this for its interpretation: Turns out slipshod work—high waste—frequent errors. On the other hand, "Excellent Quality" may be characterized as: Turns out splendid work with minimum waste.

As is to be expected, a wide variation exists in the ideas of various managements regarding the importance of items to be included in the Merit Rating form. In view of this fact it is not the intention of this paper to recommend any single form of rating scale, but it is rather the idea to show those companies co-operating in this study what is being done by their contemporaries and to assist those businesses not already using merit rating to install a workable form.

#### *Use Many Raters*

The scales represent, with the exception of a few items which can be actually measured, the *personal impressions* of the men performing the rating. This "subjectivity" of the scales is one of their greatest drawbacks. One common way of reducing the errors in ratings due to this characteristic is to employ two or more raters, each working independ-

ently, and to average the results. An ideal scale would be completely "objective"—that is, divorced from personal opinions or prejudices of the raters. Unfortunately, this is at the present time impossible.

A second factor to consider in the application of any sort of rating scale is the "halo" effect. By this is meant a general impression which colors one's judgment when rating specific items. One large company found the value of their ratings considerably reduced because of this effect. One hundred ratings selected at random from several thousand employees' records showed that in every case a man rated "Superior" in one item tended to be rated "Superior" in all. The same was true at the opposite end of the scale. Under these conditions it is impossible to classify employees accurately as to their characteristics—the real aim of the rating scale.

Two means of combating this effect are readily available. The first is to rate the employees only on the basis of ability on the present job and on their likelihood of promotion. This method is open to serious question, although it is used by a few companies not included in this study. The alternative method is to rate all employees on one particular item, cover up those ratings, and rate them all on the next, etc. This is continued until all men have been rated on every item included in the scale. This method involves more handling of paper, but will minimize the "halo" effect if done honestly.

### Weighting Items

The rating scales have two additional weaknesses which are of paramount importance. First, *the ratings for one department or plant cannot be compared directly with those of any other department or plant.* A rating of "50" may be high in one case, low in another. It is absolutely essential that this point be thoroughly understood. The second of these weaknesses, *misplaced emphasis*, appears only in those scales with individually weighted items. For example, a blast furnace cinder snapper may be rated and his rating compared with that of a young college graduate furnace engineer. Suppose that experience is valued at twenty points and education at five points. The scores may look like this:

Item Rated	Cinder Snapper	Engineer
Experience.....	18	5
Education	5	5
Total	19	10

Now it is obvious that the highly trained young engineer, through lack of experience, is being penalized. His services are worth more to his company than those of the cinder snapper and his pay is higher. His rating is out of line. In Table No. 1 it is seen that Company No. 10 has recognized this fact by assigning values of "50" to all items. The numerical values are used only for ease in future handling of the data.

Because of the essential error involved in comparing directly ratings of different departments, it is ex-

remely dangerous to rely only on the individual's rating as a basis for transfer to another department. Ample evidence is available to prove that excellence in one line of endeavor does not guarantee excellence in some other line. The psychologists have for years been investigating this problem under the heading of "transfer of training" and have no proof that such transfer always takes place.

### Use for Upgrading

Since it is safe to assume that it is the wish of management to classify employees according to their relative ability and the relative excellence of their other attributes, the question may fairly be asked: What is to be done with these ratings? Obviously, the answer is to improve our present superior workmen and also to bring up to a higher level those employees now classified as average or submarginal. In other words, the primary use of merit rating should be to shift upwards the level of excellence of all workers, in order that they and their businesses may remain competitive.

This effect is shown graphically in Figures 1 and 2. In Figure 1 is represented a close approximation to the curve of distribution of merit ratings of individual workers as actually found in one of our largest industries. If we assume the mean or average of all these ratings as the marginal line, then all men whose

ratings are below average may be classified as sub-marginal. (The location of this margin is entirely at the discretion of individual managers.) The percentage of submarginal men in this illustration is represented by the cross-hatched area under the curve.

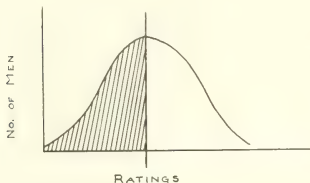


FIG. 1.

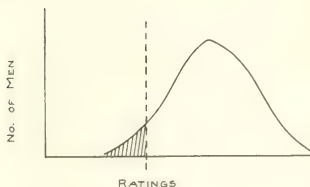


FIG. 2.

In Figure 2 is shown a new distribution of merit ratings, all relatively higher than those in the preceding sketch, representing the condition we would like to achieve. The marginal line has not been changed from its score value in Figure 1. Notice the very low percentage of

sub-marginal workers in this case, as represented by the cross-hatched area.

This transition from the present conditions shown in Figure 1 to the desired conditions in Figure 2 can be achieved by means of various training programs suited to the individuals and jobs concerned.

Merit rating will perform at least seven services for management

1. Provide basis for promotion.
2. Provide basis for demotion.
3. Provide basis for transfer.
4. Determine training needs for all employees.
5. Enable selection of employees for special training.
6. Increase over-all plant efficiency as a result of

action on # 4.

7. Reduce costs as a result of # 6.

Thoughtful consideration of merit rating brings up a multitude of questions and problems. For example: Who is to interview the employees concerning their ratings? What answers will be given to the employees' questions? Who will train the men who need or desire improvement? What types of training will be offered? Where and when will this training take place?

What can be done to protect the "old timer" and still afford our young people an opportunity to work? What means can we use to measure improvement due to training? Should employees' attitudes be measured? Should employees be given the opportunity to rate their superiors? How can we heighten the morale of our organizations?

We have Dealt with Some Problems with Fair Success, but There are Others with Which We are Still Wrestling, and Many More which Need to be Attacked Once More Because They did not Stay Licked.

# Solving Chain Store Problems

By L. R. FRAZIER

The Kroger Grocery and Baking Company  
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**H**ow large does an organization have to be before the problem of industrial relations arises?

You are almost certain to find an industrial relations problem whenever you have absentee management.

I did not say merely "absentee ownership" but "absentee management", and by absentee management I mean any organization where there is an intervening layer of supervision or management between the top man and the rank and file employees. In any such organization, the ideas and policies of the top man have to go through the minds of the intervening layer or layers of management before they can reach the employees. Rare indeed is the foreman or department head who can truly represent the

head of the organization to his employees.

But more important than this is the fact that this intervening layer of management tends to insulate the head of the business from the thoughts and emotions of his employees, so that he can no longer hear their thoughts nor feel their emotions as clearly as if he were in direct contact with them.

There is a perfectly natural tendency for this intervening layer of management to present as favorable a picture as possible to the head man, and nowhere is this tendency stronger or more easy of fulfillment than in this field of employee relations. Consequently, we not only find a certain amount of insulation, but often a

considerable amount of more or less conscious distortion.

### *Schedules Neglected*

I am reminded of an executive who was far enough up the scale in this intervening layer of management, so that he had some five hundred people working for him. His operation had always been profitable, and for that reason he perhaps did not receive quite as much attention from headquarters as some of his brother executives who were less fortunately situated.

To be sure, he had been urged to go over the wage and hour situation in two of the groups which had caused his company most trouble in other territories, and to establish definite schedules of minimum wages and maximum hours. He had always insisted that he knew his men well enough to be able to treat them on an individual basis, and that he could rely upon them to be loyal to him.

Well, one morning he woke up to find on his doorstep an elaborate, four-page contract, filled with demands for most of the things which the personnel man had been trying to get him to do, plus a lot more. To make a long story short, a contract was finally negotiated which was considerably more reasonable than the original one, but which cost plenty of money.

I have mentioned this, not from

the angle of "Better be good, or the unions will get you", but as illustrative of a case where a capable executive not only let himself believe that his men were satisfied and happy, when they weren't, but lulled the top management of his company into feeling that in this case they did not need to insist upon the introduction of a definite schedule of wages and hours, and minimum standards of working conditions.

### *Out of Tune*

One of the reasons why this intervening layer of management is not a good transmitter of the ideas and emotions of employees, is that it is often not in tune with the thinking of top management. There comes to mind the case of another executive, this one being in our own organization. He had worked in a junior capacity, and while he had made a reputation for being pretty wild and woolly in his handling of employees, it was felt that he had possibilities and that he should be promoted to an important position in another part of the company.

During the interval between jobs, he spent about a week at the home office and had several private sessions with the President and other members of top management, including the personnel manager. Upon taking up his new responsibilities in a territory which was a very difficult one from the angle of industrial relations, this

man showed a complete about-face in his handling of employees and in his philosophy of labor relations. Today he is among the most progressive and far-sighted of our executives in this field of industrial relations, where he once had quite the opposite kind of reputation.

### *Influence of Associates*

Apparently the former attitude of this man was not entirely a natural one, but was dictated, at least in part, by his earlier experience with other concerns and possibly by the thinking of his associates in that part of the company from which he had been drawn.

His current handling of industrial relations problems is excellent and we have every reason to believe that his reports regarding the thinking and attitude of his employees are relatively free from distortion, either intentional or unintentional. He known *now* how top management is thinking about industrial relations policies, he is in substantial agreement with that thinking, and he has nothing to hide.

Before leaving this executive, I should like to remark further that in his new position he was assisted by a highly capable personnel manager in his local unit. This local personnel manager, of whom we have several in our larger units, was, I believe, a major factor in helping to make a good personnel man out of this operating executive.

### *Limits of Personnel Work*

Perhaps you feel that I have been talking quite a bit about operating executives and not very much about personnel men. I have done this quite intentionally, in order to emphasize the thought that these problems of personnel and industrial relations arise in the field of the operating executive and are in part caused by him.

The function of the personnel manager, as I see it, is to assist the line or operating executive in the solution of these problems. Since many of the problem situations arise during the course of the daily routine and have to be handled at once, the personnel man cannot be present to give his advice, and consequently the operating executive has to be his own personnel man.

What I am trying to say is that in the nature of things most of the really important personnel work in an organization has to be done by the supervisors and foremen and district managers and division managers, and consequently it is the responsibility of the personnel manager to make just as good a personnel man as he can out of each of these operating executives.

It is becoming more and more apparent that it is fundamentally wrong for a personnel man, or even a whole personnel department, to attempt to do all of the personnel work in an organization. This is particularly true now that more emphasis is

- being placed upon the labor relations part of the personnel function.

### *Executive Training*

The executives *outside* of the personnel department are the ones who are in a position to do effective personnel work, day in and day out. After all, the line organization makes the decisions. We can advise, when we have developed a reputation for soundness, and we can perform certain services. If necessary, we can even throw some stumbling blocks in the way of over-hasty employment or discharges, but the day-by-day industrial relations work, for good or for bad, is being done by the foreman, the supervisor, the executive who has charge of your men. All the fine phrases and lovely welfare policies in the world can't counteract the damage that can be done by a foreman or supervisor who does not handle his men right.

How can we make personnel men out of line executives? We have tried several different methods in our organization:

We have brought prospective executives into the personnel department as part of their preparation.

We have promoted personnel men to better jobs as line executives.

We have conducted training classes for executives in leadership and handling men.

We have persuaded them to undertake certain special assignments, such as conducting training classes, and

have given them assistance and guidance.

We have spent time with individual executives on the job, discussing their personnel problems with them and bringing out the personnel slant on these problems.

In all cases we have relied heavily upon the man's superior to help him appreciate the importance of this personnel point of view in dealing with his men and their problems.

As I have tried to indicate, it is important for the personnel manager, representing as he does, or should, the top management of the company, to help the intervening layer of executives get into the habit of looking at their existing labor practices from the point of view of the employee. Many practices which caused no resentment ten years ago, now appear unreasonable to the employees, and should be re-examined through their eyes. As my own children like to remind me, "Times have changed."

### *No Santa Claus*

The personnel man who makes a suggestion that we look at existing practices from the point of view of the employee, must also make perfectly clear that he is not advocating that the employer play Santa Claus, saying, "Boys, what would you like?"

The object of business is to make money, and whoever loses sight of that object isn't going to be in busi-



ness very long, but I am convinced that the average employer who tackles the job with an open mind will find that there are a good many things he can do to improve working conditions which won't cost him much money, and some improvements he can make which won't cost him a cent. Let me give you just one example:

It used to be the practice in one of our branches to have our drivers report to work early enough so that there never would be any danger that a truck would be delayed for want of a driver. As a result, we had a lot of drivers waiting for trucks—and we didn't pay them for the time they waited.

A few years ago they got so provoked about this situation that they joined the union. The union said, "We don't care how long you have the men sit around and wait—so long as they draw pay from the time they report for work." We said it couldn't be done, it would ruin the business, and carried on in great style, then compromised by agreeing to pay for all waiting time beyond a half hour. And so far as I know we haven't paid a dime for waiting time since then and that has been four or five years ago.

### *No Waiting Time*

Most of our branches have since made it a policy to pay for all waiting time over half an hour. It brought a fine reaction from our drivers, and cost us nothing, for better scheduling

enables us to eliminate all of the penalty waiting time.

Now, there are two approaches the employer can take to this matter of employee relations,—he can sit and wait for the government or union to come and tell him what to do, or he himself can take the initiative in improving employee relationship by improving labor conditions. While there is a lot to be said for the former course, we at the Kroger Company feel it is better to take the initiative.

So we have three men who are devoting full time to looking at our existing labor practices with a critical eye. One scrutinizes warehouse conditions, another concentrates on the store organization, and a third on the manufacturing organization. They supplement the work of the local personnel manager and are of particular service where we have no local personnel man.

### *Labor Practices Checked*

Each is instructed to look at the existing conditions from the employee's point of view and each is armed with a list of situations that have resulted in complaints or labor difficulties at one time or another. They report their findings to the local manager and to the General Office. It is all done in a perfectly open and above-board manner, with the full knowledge of the entire supervisory organization, and without any effort at keeping it a secret from the employees who are contacted. In this way, we get what



amounts to an outside point of view on our labor practices, and this in turn has enabled us to take a number of corrective measures that we feel are definitely beneficial.

As this work has progressed, we have come to feel much more strongly than before that it would be invaluable to have a written statement of all major policies affecting employees. I refer to policies in regard to wages, hours, promotions, layoffs, discharges, grievances, etc. Most of these policies have been implicit in the thinking of top management for some time, but too often they have not carried on through. We are at the moment in the throes of formulating these policies in black and white, and as those of you know who have tried it, we are having a most interesting experience.

#### *Studying Discharges*

I have approached this subject of personnel administration from the angle of industrial relations, because that is the angle which is causing so many employers to become interested in this field at the present time. I think it is true, however, that as an employer becomes conscious of his industrial relations problems, and digs into the causes of whatever dissatisfaction or unrest there may be in his organization, he sooner or later realizes the importance of a number of fundamental factors which progressive personnel men have been

working away at for years. For example, he may find, as we did several years ago in our own organization, that the employer's ultimate disciplinary weapon of discharge is being used too thoughtlessly or indiscriminately, and without due regard to its seriousness to the individual employees.

I am going to describe to you a little job that we did in connection with this subject of discharge, and I hope that you will find it interesting, not only because of the results that were accomplished, but because it illustrates an analytical and statistical approach to a personnel problem,—the kind of approach which a competent personnel executive should be able to undertake.

#### *Experienced Employees Leave*

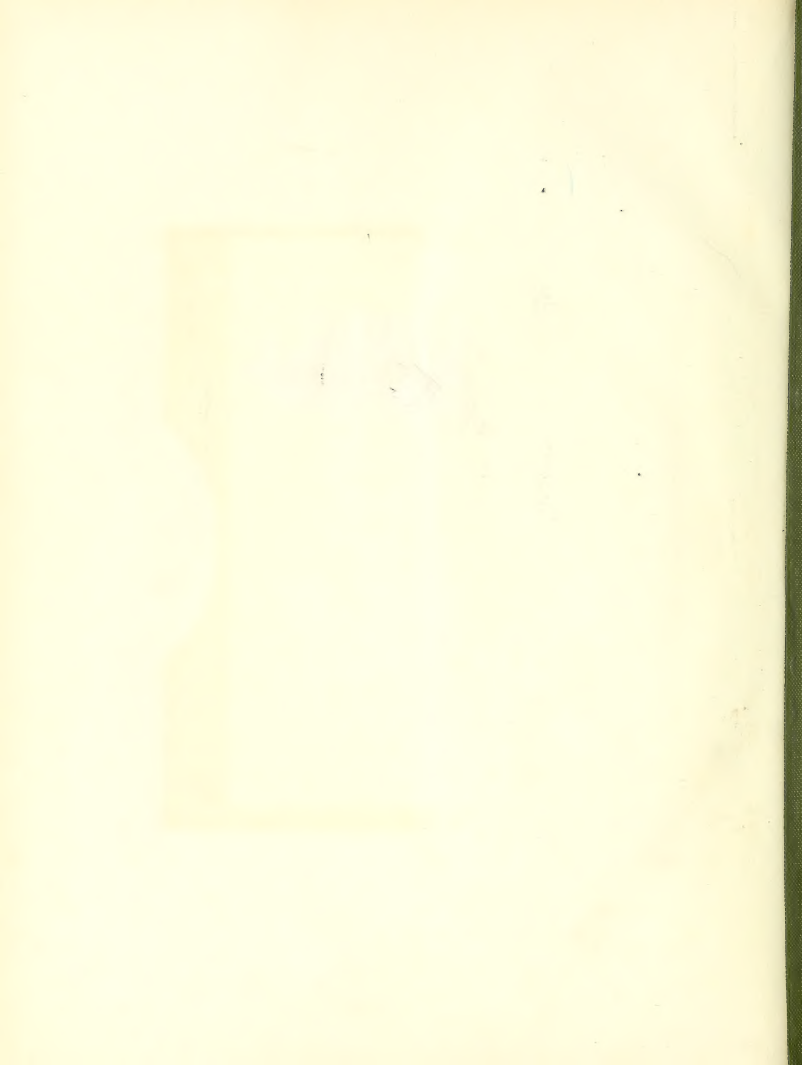
In the latter part of 1935 labor turnover among our store managers tended to increase quite rapidly. We were fairly sure that our selection and training had not received any special setback. Furthermore, a relatively large proportion of the men who were leaving or being released had been with us for five years or more. So we got out the facts regarding the length of service of these separated managers, put them in chart form and toured the Company with them.

*Extracts from an address delivered at the Third Annual Tennessee Industrial Personnel Conference.*









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